

**NEW ISSUE
BOOK-ENTRY-ONLY**

RATINGS:
Moody's Investors Service Inc.: A3
Standard & Poor's Ratings Services: AA-
Fitch Ratings: A+

In the opinion of Kutak Rock LLP, Kansas City, Missouri and the Hardwick Law Firm, LLC, Kansas City, Missouri, Co-Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming continuing compliance with certain covenants, interest on the Series 2010A Bonds and Series 2010B Bonds is excluded from gross income for federal and Missouri income tax purposes and is not a specific preference item or included in adjusted current earnings for purposes of the federal alternative minimum tax. Also, in the opinion of Co-Bond Counsel, the interest on the Series 2010C Bonds is not excluded from gross income for federal and Missouri income tax purposes. See "TAX MATTERS" herein and the form of Opinion of Co-Bond Counsel attached hereto as Appendix D.

**CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS**

\$5,615,000
Special Obligation Bonds
(East Village Project),
Series 2010A

\$19,880,000
Special Obligation Refunding Bonds
(Kansas City, Missouri Projects),
Series 2010B

\$12,360,000
Taxable Special Obligation
Refunding Bonds
(Kansas City, Missouri Projects),
Series 2010C

Dated: Date of Delivery

Maturities, Principal Amounts, Interest Rates, Prices, Yields and CUSIP
Numbers are shown on the Inside Cover Page

The Special Obligation Bonds (East Village Project), Series 2010A (the "Series 2010A Bonds"), the Special Obligation Refunding Bonds (Kansas City, Missouri Projects), Series 2010B (the "Series 2010B Bonds") and the Taxable Special Obligation Refunding Bonds (Kansas City, Missouri Projects), Series 2010C (the "Series 2010C Bonds", and together with the Series 2010A Bonds and the Series 2010B Bonds, the "Bonds"), are being issued for the purposes of (i) providing funds to finance, refinance and refund certain project costs; (ii) funding a debt service reserve fund for each series of Bonds and reimbursing the City for amounts deposited in a debt service reserve fund for a prior series of bonds; and (iii) paying certain costs related to the issuance of the Bonds.

The Series 2010A Bonds will be issued under the First Supplemental Trust Indenture, dated as of April 1, 2010, by and between The Bank of New York Mellon Trust Company, N.A. The Series 2010B Bonds and the Series 2010C Bonds will be issued under separate Trust Indentures by and between the City and First Bank of Missouri.

THE BONDS OF EACH SERIES AND THE INTEREST THEREON SHALL BE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE OUT OF CERTAIN FUNDS APPROPRIATED BY THE CITY AND MONEYS IN THE FUNDS AND ACCOUNTS HELD BY THE TRUSTEE UNDER THE INDENTURE FOR SUCH SERIES AND ARE SECURED BY A TRANSFER, PLEDGE AND ASSIGNMENT OF AND A GRANT OF A SECURITY INTEREST IN THE TRUST ESTATE TO THE TRUSTEE AND IN FAVOR OF THE OWNERS OF THE BONDS, AS PROVIDED IN THE INDENTURE FOR SUCH SERIES OF BONDS. THE BONDS AND INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATION OR PROVISION, AND SHALL NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE INDENTURE FOR SUCH BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. NO BREACH BY THE CITY OF ANY SUCH PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT MAY IMPOSE ANY LIABILITY, PECUNIARY OR OTHERWISE, UPON THE STATE OR ANY CHARGE UPON ITS GENERAL CREDIT OR ITS TAXING POWER.

The Bonds will be issued as fully registered bonds without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for the Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form, in the denominations of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co., as nominee of DTC, is the Bondowner, references herein to the Bondowners or Registered Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "THE BONDS - Book-Entry Only System" herein.

Principal of the Bonds will be paid on the dates and in the years in which the Bonds mature as set forth on the inside cover page hereof. Interest on the Series 2010A Bonds will accrue from the date of issuance and be payable semi-annually on each April 15 and October 15, commencing October 15, 2010. Interest on the Series 2010B Bonds will accrue from the date of issuance and be payable semi-annually on each January 1 and July 1, commencing July 1, 2010. Interest on the Series 2010C Bonds will accrue from the date of issuance and be payable semi-annually on each April 1 and October 1, commencing October 1, 2010.

So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made by the trustee for each series of Bonds, as paying agent and registrar directly to such Bondowner. Disbursement of such payments to DTC Participants is the responsibility of DTC. Distribution of such payments to Beneficial Owners is the responsibility of Direct Participants and Indirect Participants, as more fully described herein.

The Bonds are subject to redemption prior to maturity as more fully described under the caption "THE BONDS - Redemption" in this Official Statement.

The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Kutak Rock LLP, Kansas City, Missouri, and Hardwick Law Firm, LLC, Kansas City, Missouri, Co-Bond Counsel. Certain legal matters will be passed upon for the City by the City Attorney's Office, and for the Underwriters listed on this cover page (the "Underwriters") by Bryan Cave LLP, Kansas City, Missouri. Certain disclosure matters will be passed upon for the City by its co-disclosure counsel, Gilmore & Bell, P.C., Kansas City, Missouri and The Martinez Law Firm, LLC, Kansas City, Missouri. It is expected that the Bonds will be available for delivery at DTC on or about April 27, 2010.

RBC CAPITAL MARKETS

STIFEL NICOLAUS & COMPANY

JACKSON SECURITIES

HARVESTON SECURITIES, INC.

This Official Statement dated April 14, 2010

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES,
YIELDS AND CUSIP NUMBERS**

Base CUSIP Number 485106

\$5,615,000 SPECIAL OBLIGATION BONDS (EAST VILLAGE PROJECT), SERIES 2010A

<u>Maturity Date</u> <u>(April 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>	<u>Maturity Date</u> <u>(April 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>
2011	\$180,000	2.000	100.718	1.250	DX3	2021	\$235,000	4.125	98.309	4.320	EH7
2012	\$175,000	2.000	100.674	1.650	DY1	2022	\$245,000	4.250	98.431	4.420	EJ3
2013	\$180,000	3.000	102.720	2.050	DZ8	2023	\$255,000	4.375	98.587	4.520	EK0
2014	\$185,000	3.000	102.066	2.450	EA2	2024	\$265,000	4.500	98.773	4.620	EL8
2015	\$190,000	3.000	100.920	2.800	EB0	2025	\$280,000	4.500	97.656	4.720	EM6
2016	\$195,000	3.000	98.920	3.200	EC8	2026	\$290,000	4.625	97.843	4.820	EN4
2017	\$205,000	3.500	98.780	3.700	ED6	2027	\$305,000	4.750	98.283	4.900	EP9
2018	\$210,000	3.750	98.980	3.900	EE4	2028	\$320,000	4.875	98.527	5.000	EQ7
2019	\$215,000	4.000	99.254	4.100	EF1	2031 ^T	\$1,460,000	5.000	98.719	5.100	ET1
2020	\$225,000	4.125	99.312	4.210	EG9						

\$19,880,000 SPECIAL OBLIGATION REFUNDING BONDS (KANSAS CITY, MISSOURI PROJECTS), SERIES 2010B

<u>Maturity Date</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>	<u>Maturity Date</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>
2012	\$1,740,000	4.000	103.871	1.650	EU8	2017	\$1,500,000	3.500	98.822	3.700	EZ7
2013	\$1,830,000	3.000	102.461	2.050	EV6	2018	\$1,560,000	3.750	99.008	3.900	FA1
2014	\$1,910,000	3.000	101.920	2.450	EW4	2019	\$2,420,000	4.000	99.271	4.100	FB9
2015	\$1,970,000	3.000	100.868	2.800	EX2	2020	\$1,395,000	4.125	99.325	4.210	FC7
2016	\$2,060,000	3.000	98.966	3.200	EY0	2021	\$3,495,000	4.125	98.340	4.320	FD5

\$12,360,000 TAXABLE SPECIAL OBLIGATION REFUNDING BONDS (KANSAS CITY, MISSOURI PROJECTS), SERIES 2010C

<u>Maturity Date</u> <u>(April 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>	<u>Maturity Date</u> <u>(April 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>
2011	\$205,000	1.427	100.000	1.427	FE3	2016	\$295,000	4.505	100.000	4.505	FK9
2012	\$1,450,000	2.190	100.000	2.190	FF0	2017	\$785,000	4.855	100.000	4.855	FL7
2013	\$1,480,000	3.095	100.000	3.095	FG8	2018	\$735,000	5.361	100.000	5.361	FM5
2014	\$1,535,000	3.812	100.000	3.812	FH6	2019	\$2,780,000	5.511	100.000	5.511	FN3
2015	\$3,095,000	4.062	100.000	4.062	FJ2						

¹ CUSIP Numbers have been assigned to this issued by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are included solely for the convenience of the Bondowners. Neither the City nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

^T Term bond.

REGARDING USE OF THE OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City or by any person to give any information or to make any representations with respect to the Bonds offered hereby, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any offer, solicitation or sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not so expressly described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from the City and other sources which are believed to be reliable. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE ORDINANCE AUTHORIZING THE ISSUANCE OF THE BONDS BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE BONDS ARE BEING OFFERED IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

Any CUSIP numbers for the Bonds included in the final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds have been assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth on the final Official Statement. No assurance can be given that the CUSIP numbers for the Bonds will remain the same after the date of issuance and delivery of the Bonds.

An electronic copy of this Official Statement is available upon request by contacting Financial Printing Resource, Inc. at telephone number 1-800-863-5611. Information in this Official Statement can be relied upon only if downloaded in its entirety in original, electronic format, or if obtained in original, bound format.

CITY OF KANSAS CITY, MISSOURI
City Hall
414 East 12th Street
Kansas City, Missouri 64106

ELECTED OFFICIALS

MAYOR
Mark Funkhouser

CITY COUNCIL MEMBERS

Council Members-at-Large

District 1 Deb Hermann
District 2 Ed Ford
District 3 Melba Curls
District 4 Beth Gottstein
District 5 Cindy Circo
District 6 Cathy Jolly

District Council Members

District 1 Bill Skaggs
District 2 Russ Johnson
District 3 Sharon Sanders Brooks
District 4 Jan Marcason
District 5 Terry Riley
District 6 John A. Sharp

CITY ADMINISTRATIVE OFFICIALS

CITY MANAGER
(interim)
Troy Schulte

DIRECTOR OF FINANCE
Randall Landes

CITY ATTORNEY
Galen Beaufort, Esq.

CITY CLERK
Vickie Thompson

CO-FINANCIAL ADVISORS

First Southwest Company
Dallas, Texas

Moody Reid Financial Advisors
Kansas City, Missouri

CO-BOND COUNSEL

Kutak Rock LLP
Kansas City, Missouri

Hardwick Law Firm, LLC
Kansas City, Missouri

CO-DISCLOSURE COUNSEL

Gilmore & Bell, P.C.
Kansas City, Missouri

The Martinez Law Firm, LLC
Kansas City, Missouri

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OFFICIAL STATEMENT

CITY OF KANSAS CITY, MISSOURI SPECIAL OBLIGATION BONDS

\$5,615,000
Special Obligation Bonds
(East Village Project),
Series 2010A

\$19,880,000
Special Obligation Refunding
Bonds (Kansas City, Missouri
Projects),
Series 2010B

\$12,360,000
Taxable Special Obligation
Refunding Bonds
(Kansas City, Missouri Projects),
Series 2010C

INTRODUCTION

The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and the Appendices, must be considered in its entirety. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

For definitions of certain capitalized terms used herein and not otherwise defined, see Appendix B to this Official Statement.

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information relating to (i) the City of Kansas City, Missouri (the “City”), (ii) the City’s Special Obligation Bonds (East Village Project), Series 2010A (the “Series 2010A Bonds”), Special Obligation Refunding Bonds (Kansas City, Missouri Projects), Series 2010B (the “Series 2010B Bonds”) and Taxable Special Obligation Refunding Bonds (Kansas City, Missouri Projects), Series 2010C (the “Series 2010C Bonds”, and together with the Series 2010A Bonds and the Series 2010B Bonds, the “Bonds”), (iii) the East Village Project (the “East Village Project”), which shall be funded with the proceeds of the Series 2010A Bonds, (iv) certain outstanding series of bonds which shall be refunded with proceeds of the Series 2010B Bonds, (v) certain outstanding series of bonds which shall be refunded with proceeds of the Series 2010C Bonds, and (vi) a certain outstanding series of bonds for which proceeds of the Series 2010C Bonds will be used to reimburse the City for amounts deposited by the City in a debt service reserve fund.

The City

The City is a constitutional charter city established under the laws of the State of Missouri. The City incorporated on June 3, 1850. See the caption “**THE CITY**” in this Official Statement and **Appendix C** to this Official Statement for additional information relating to the City.

The Bonds are not general obligations of the City and are payable solely from the funds described in this Official Statement. The information regarding the City contained in Appendix C should not be construed as an indication that the Bonds are payable from any source other than such revenues as described in this Official Statement. See the caption **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS”** in this Official Statement.

The Series 2010A Bonds

The City will issue the Series 2010A Bonds pursuant to a First Supplemental Trust Indenture dated as of April 1, 2010 (the “Series 2010A First Supplemental Indenture”), amending and supplementing a Trust Indenture dated as of April 1, 2008 (the “Series 2010A Original Indenture” and collectively with the Series 2010A First Supplemental Indenture, the “Series 2010A Indenture”), between the City and The Bank of New York Mellon Trust Company, N.A. (the “Series 2010A Trustee”) for the purpose of providing funds (i) to finance certain project costs incurred or to be incurred in connection with the East Village Project, (ii) to fund a debt service reserve fund for the Series 2010A Bonds, and (iii) to pay costs related to the issuance of the Series 2010A Bonds. See the caption **“PLAN OF FINANCE”** in this Official Statement.

A description of the Series 2010A Bonds is contained in this Official Statement under the caption **“THE BONDS.”** All references to the Series 2010A Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Series 2010A Indenture.

The Series 2010A Bonds are subject to redemption prior to maturity as described under the caption **“THE BONDS – Redemption”** in this Official Statement.

The Series 2010A Bonds are payable only (i) from moneys appropriated by the City which are deposited in the City Revenues Account of the Revenue Fund for transfer to the Debt Service Fund, all as established under the Series 2010A Indenture for the payment of principal and interest on the Series 2010A Bonds (“City Revenues”), (ii) from certain Payments in Lieu of Taxes from Project Area 1 and, when appropriated by the City or the State of Missouri as applicable, Economic Activity Taxes, Super TIF Revenues and State TIF Revenues collected in Project Area 1 (“Incremental Tax Revenues”), and (iii) from such other sources as described in this Official Statement under the caption **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”** For a complete description of the sources of payment of the Series 2010A Bonds and definitions of the terms set forth in this paragraph, see Appendix B of this Official Statement **“DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS”** and the Series 2010A Indenture.

The Series 2010B Bonds

The City will issue the Series 2010B Bonds pursuant to a Trust Indenture, dated as of April 1, 2010 (the “Series 2010B Indenture”), between the City and First Bank of Missouri (the “Series 2010B Trustee”) for the purpose of providing funds (i) to currently refund the Leasehold Revenue Bonds (Metropolitan Ambulance Services Trust Facility Project) Series 1996A, issued by the Land Clearance for Redevelopment Authority of Kansas City, Missouri (the “Series 1996A LCRA Bonds”), (ii) to currently refund the Leasehold Revenue Bonds (City of Kansas City, Missouri, Lessee) Series 1999A, issued by the Kansas City Municipal Assistance Corporation (the “Series 1999A KCMAC Bonds”), (iii) to currently refund the Leasehold Improvement Revenue Bonds (City of Kansas City, Missouri, Lessee) Series 2001B-1 issued by the Kansas City Municipal Assistance Corporation (the “Series 2001B-1 KCMAC Bonds”), (iv) to fund a debt service reserve fund for the Series 2010B Bonds, and (v) to pay costs related to the issuance of the Series 2010B Bonds. See the caption **“PLAN OF FINANCE”** in this Official Statement.

A description of the Series 2010B Bonds is contained in this Official Statement under the caption **“THE BONDS.”** All references to the Series 2010B Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Series 2010B Indenture.

The Series 2010B Bonds are subject to redemption prior to maturity as described under the caption **“THE BONDS – Redemption”** in this Official Statement.

The Series 2010B Bonds are payable only from moneys of the City which have been annually appropriated by the City to pay the principal of and interest due on such series of Bonds (“Appropriated Moneys”) and such other sources as described in this Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.” For a complete description of the sources of payment of the Series 2010B Bonds and definitions of the terms set forth in this paragraph, see Appendix B of this Official Statement “DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS” and the Series 2010B Indenture.

The Series 2010C Bonds

The City will issue the Series 2010C Bonds pursuant to a Trust Indenture, dated as of April 1, 2010 (the “Series 2010C Indenture”), between the City and First Bank of Missouri (the “Series 2010C Trustee”) for the purpose of providing funds (i) to currently refund the Taxable Lease Revenue Refunding Bonds, Series 1998 (City Market Project), issued by the Planned Industrial Expansion Authority of Kansas City, Missouri (the “Series 1998 PIEA Bonds”), (ii) to currently refund the Taxable Infrastructure Facilities Revenue Bonds (Kansas City, Missouri – Valentine Shopping Center Redevelopment Project) Series 1998, issued by the Missouri Development Finance Board (the “Series 1998 MDFB Bonds”), (iii) to reimburse the City for amounts deposited in a debt service reserve fund for the Improvement and Refunding Revenue Bonds (Municipal Auditorium Garage Improvements and Muehlebach Hotel Refunding Projects) Series 2005E issued by the Land Clearance for Redevelopment Authority of Kansas City, Missouri (the “Series 2005E LCRA Bonds”), (iv) to fund a debt service reserve fund for the Series 2010C Bonds, and (v) to pay costs related to the issuance of the Series 2010C Bonds. See the caption **“PLAN OF FINANCE”** in this Official Statement.

A description of the Series 2010C Bonds is contained in this Official Statement under the caption **“THE BONDS.”** All references to the Series 2010C Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Series 2010C Indenture.

The Series 2010C Bonds are subject to redemption prior to maturity as described under the caption **“THE BONDS – Redemption”** in this Official Statement.

The Series 2010C Bonds are payable only from moneys of the City which have been annually appropriated by the City to pay the principal of and interest due on such series of Bonds (“Appropriated Moneys”) and such other sources as described in this Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.” For a complete description of the sources of payment of the Series 2010C Bonds and definitions of the terms set forth in this paragraph, see Appendix B of this Official Statement “DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS” and the Series 2010C Indenture.

Security and Sources of Payment for the Bonds

The Indentures and Trust Estates. The Bonds and the interest thereon are special obligations of the City, payable solely from funds which have been annually appropriated by the City to pay principal and interest due on the Bonds and held by the trustee for each series of Bonds as provided in the indenture for such series, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the trust estate for such series to the respective trustee and in favor of the Owners of such series, as provided in the indenture for such series.

The Trust Estate established in the Series 2010A Indenture consists of: (a) all right, title and interest of the City in, to and under the Special Allocation Funds (including all Payments in Lieu of Taxes from Project Area 1) and the accounts thereunder, except for the Issuer's Unassigned Rights; and (b) all right, title and interest of the City (including, but not limited to, the right to enforce any of the terms thereof, in to and under (i) the Cooperative Agreement, except for the Issuer's Unassigned Rights, and (ii) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the proceeds of the bonds issued under the Series 2010A Indenture; and all other moneys and securities from time to time held by the trustee under the terms of the Series 2010A Indenture (excluding amounts held in the rebate fund), and any and all other property (real, person or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind pledged, assigned or transferred as and for additional security under the Series 2010A Indenture by the City, or by anyone in its behalf or with its written consent, to the trustee. City Revenues and Incremental Tax Revenues are included in the Trust Estate for the Series 2010A Bonds.

The Trust Estate established in the Series 2010B Indenture consists of: (a) all Appropriated Moneys; (b) all moneys and securities (except moneys and securities held in the rebate fund) from time to time held by the Series 2010B Trustee under the terms of the Series 2010B Indenture; and (c) any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under such indenture by the City or by anyone in its behalf or with its written consent, to the Series 2010B Trustee.

The Trust Estate established in the Series 2010C Indenture consists of: (a) all Appropriated Moneys; (b) all moneys and securities from time to time held by the Series 2010C Trustee under the terms of the Series 2010C Indenture; and (c) any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under such indenture by the City or by anyone in its behalf or with its written consent, to the Series 2010C Trustee.

Payment of principal and interest on Bonds may be made from any funds of the City legally available for such purpose. For a complete description of the Trust Estates established under the Series 2010A Indenture, the Series 2010B Indenture, and the Series 2010C Indenture, and for the definitions used therein, see the Series 2010A Indenture, the Series 2010B Indenture and the Series 2010C Indenture, respectively, and **Appendix B** of this Official Statement **"DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS"**. See also, the caption **"SECURITY AND SOURCES OF PAYMENTS OF THE BONDS – Limited Obligations; Sources of Payments."**

THE BONDS OF EACH SERIES AND THE INTEREST THEREON SHALL BE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE OUT OF CERTAIN FUNDS OF THE CITY AND MONEYS IN THE FUNDS AND ACCOUNTS HELD BY THE TRUSTEE UNDER THE INDENTURE FOR SUCH SERIES AND ARE SECURED BY A TRANSFER, PLEDGE AND ASSIGNMENT OF AND A GRANT OF A SECURITY INTEREST IN THE TRUST ESTATE TO THE TRUSTEE AND IN FAVOR OF THE OWNERS OF THE BONDS, AS PROVIDED IN THE INDENTURE FOR SUCH SERIES OF BONDS. THE BONDS AND INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATION OR PROVISION, AND SHALL NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE INDENTURE FOR SUCH BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. NO BREACH BY THE CITY OF ANY SUCH PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT MAY IMPOSE ANY LIABILITY, PECUNIARY OR OTHERWISE, UPON THE STATE OR ANY CHARGE UPON ITS GENERAL CREDIT OR ITS TAXING POWER.

No recourse shall be had for the payment of the principal of or interest on any series of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the indenture for such series, contained, against any past, present or future elected official of the City or any trustee, officer, official, employee or agent of the City, as such, either directly or through the City, or any successor to the City, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise.

Bondowners' Risks

Purchase of the Bonds will constitute an investment subject to significant risks, including the risk of nonpayment of principal and interest and the loss of all or part of the investment. There can be no assurance that the City will annually appropriate the Appropriated Moneys in the future. Prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds, confer with their own legal and financial advisors and be able to bear the risk of loss of their investment in the Bonds before considering a purchase of the Bonds. See the caption "**BONDOWNERS' RISKS**" in this Official Statement.

Financial Statements

Audited financial statements of the City, as of and for the fiscal year ended April 30, 2009, are included in **Appendix A** to this Official Statement. The audited financial statements have been audited by a firm of independent certified public accountants, to the extent and for the periods indicated in the report of such firm, which is also included in **Appendix A**. See the caption "**FINANCIAL STATEMENTS**" in this Official Statement.

Continuing Disclosure

In connection with the issuance of the Bonds, the City will enter into a Continuing Disclosure Undertaking and agree to provide continuing disclosure information as required by Rule 15c2-12 of the Securities and Exchange Commission at the conclusion of each fiscal year of the City, unless otherwise provided in the Continuing Disclosure Undertaking. See **Appendix E** to this Official Statement for a form of the Continuing Disclosure Undertaking.

Bond Ratings

The City is expected to receive ratings on the Bonds as set forth under the caption "**BOND RATINGS**" in this Official Statement.

Definitions, Summaries of Documents and Additional Information

Appendix C to this Official Statement contains information regarding the City and **Appendix A** to this Official Statement contains audited financial statements of the City. Definitions of certain words and terms used in this Official Statement and summaries of certain Transaction Documents are included in this Official Statement in **Appendix B**. Such definitions and summaries do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to the definitive forms of such documents, copies of which may be obtained from RBC Capital Markets Corporation, 2711 N. Haskell Avenue, Suite 2500, Dallas, Texas 75204, and will be provided to any prospective purchaser requesting the same upon payment of the cost of complying with such request. **Appendix D** contains the proposed form of opinion which is anticipated to be rendered by Co-Bond Counsel at the time of delivery of the Bonds.

THE BONDS

General

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri. The Bonds will be issuable as fully registered bonds, without coupons, in denominations of \$5,000 and any integral multiple thereof. The Bonds will be dated as of the date of initial issuance and delivery thereof.

The Bonds will mature on the date and in the principal amount set forth on the inside cover page of this Official Statement, subject to redemption and payment prior to maturity as described herein. The Bonds, when issued, will be registered in the name of Cede & Co., as nominee for DTC. Payment of the premium, if any, and interest on each Bond will be made, and notices and other communications to the Bondowners will be given, directly to DTC or its nominee, Cede & Co., by the Trustee. In the event the Bonds are not in a book-entry-only system, payment of the principal of, premium, if any, and interest on the Bonds will be made and such notices and communications will be given as described in the Indenture. See the section below captioned “**Book-Entry-Only System.**”

Interest Rates

The Series 2010A Bonds shall bear interest at the rates set forth on the inside cover page of this Official Statement (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent payment date to which interest has been paid or duly provided for, payable on April 15 and October 15 in each year, beginning on April 15, 2010.

The Series 2010B Bonds shall bear interest at the rates set forth on the inside cover page of this Official Statement (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent Payment Date to which interest has been paid or duly provided for, payable on January 1 and July 1 in each year, beginning on July 1, 2010.

The Series 2010C Bonds shall bear interest at the rates set forth on the inside cover page of this Official Statement (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent Payment Date to which interest has been paid or duly provided for, payable on April 1 and October 1 in each year, beginning on October 1, 2010.

Redemption

Optional Redemption

The Series 2010A Bonds maturing in the year 2021 and thereafter are subject to redemption in whole or in part, at the option of the City, on any day on and after April 15, 2020, at 100% of the principal amount thereof, plus interest accrued to the redemption date.

The Series 2010B Bonds maturing in the year 2021 and thereafter are subject to redemption in whole or in part, at the option of the City, on any day on and after January 1, 2020, at 100% of the principal amount thereof, plus interest accrued to the redemption date.

Except as described below under “Extraordinary Optional Redemption,” the Series 2010C Bonds are not subject to redemption prior to maturity at the option of the City.

Mandatory Sinking Fund Redemption

The Series 2010A Bonds maturing on April 15, 2031 are subject to mandatory redemption and payment prior to maturity on April 15 in each of the years set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium.

<u>Redemption Date</u>	<u>Principal Amount</u>
<u>April 15</u>	
2029	\$335,000
2030	\$350,000
2031	\$775,000

Extraordinary Optional Redemption

The Series 2010B Bonds are subject to redemption and payment prior to the stated maturity thereof, at the option of the City, in whole or in part from the maturity or maturities selected by the City at any time, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the redemption date, without premium, upon the occurrence of any of the following events:

(1) all or a substantial portion of the facilities financed or refinanced with the proceeds of the Series 2010B Bonds are damaged or destroyed by fire or other casualty, or title to, or the temporary use of, all or a substantial portion of such facilities are condemned or taken for any public or quasi-public use by any authority exercising the power of eminent domain or title thereto is found to be deficient; or

(2) as a result of any changes in the Constitution of the State of Missouri or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final direction, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the City in good faith, the Series 2010B Indenture becomes void or unenforceable or impossible of performance; or

The Series 2010C Bonds are subject to redemption and payment prior to the stated maturity thereof, at the option of the City, in whole or in part from the maturity or maturities selected by the City at any time, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the redemption date, without premium, upon the occurrence of any of the following events:

(1) all or a substantial portion of the facilities financed or refinanced with the proceeds of the Series 1998 PIEA Bonds or the Series 1998 MDFB Bonds, as applicable, are damaged or destroyed by fire or other casualty, or title to, or the temporary use of, all or a substantial portion of such facilities are condemned or taken for any public or quasi-public use by any authority exercising the power of eminent domain or title thereto is found to be deficient; or

(2) as a result of any changes in the Constitution of the State of Missouri or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final direction, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the City in good faith, the Series 2010C Indenture becomes void or unenforceable or impossible of performance.

Selection of Bonds to be Redeemed

The Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the Bonds of a series are to be redeemed and paid prior to maturity, such Bonds or portions of such Bonds of such series to be redeemed shall be selected by the Trustee in such equitable manner as it may determine and in such portions equal to \$5,000 of the principal for such Bonds or a denomination larger than \$5,000.

Bonds Redeemed in Part

Any Bond which is to be redeemed only in part shall be surrendered at the place of payment therefor, and the City shall execute and the trustee for such series shall authenticate and deliver to the Owner of such Bond, without service charge, a new Bond of the same series and maturity of any authorized denomination or denominations as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered. If the Owner of any such Bond shall fail to present such Bond to the trustee for such series for payment and exchange as aforesaid, said Bond shall, nevertheless, become due and payable on the redemption date to the extent of the \$5,000 (or other denomination) unit or units of principal amount called for redemption (and to that extent only).

Subject to the approval of the trustee for a series of Bonds, in lieu of surrender under the preceding paragraph, payment of the redemption price of a portion of any Bond may be made directly to the Owner thereof without surrender thereof, if there shall have been filed with such trustee a written agreement of such Owner and, if such Owner is a nominee, the Person for whom such Owner is a nominee, that payment shall be so made and that such Owner will not sell, transfer or otherwise dispose of such Bond unless prior to delivery thereof such Owner shall present such Bond to the trustee for notation thereon of the portion of the principal thereof redeemed or shall surrender such Bond in exchange for a new Bond for the unredeemed balance of the principal of the surrendered Bond.

Notice of Redemption

In the case Bonds of a series are redeemed under the provisions of the indenture for such series permitting optional redemption of Bonds, the trustee for such series shall call Bonds for redemption and payment as provided in such indenture and shall give notice of redemption as provided below upon receipt by the trustee at least forty-five (45) days prior to the redemption date of a written request of the City. Unless waived by any Owner of Bonds to be redeemed, official notice of any such redemption of any Bond shall be given by the trustee on behalf of the City by mailing a copy of an official redemption notice by mail, postage prepaid, at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the applicable Register; provided, however, that failure to give such notice by mailing as aforesaid to any Owner or any defect therein as to any particular Bond shall not affect the validity of any proceedings for the redemption of any other Bonds.

All official notices of redemption shall be dated and shall state: (i) the redemption date; (ii) the redemption price; (iii) the respective principal amounts of the Bonds to be redeemed and, if less than all Bonds of a maturity of a series are to be redeemed, the identification, number and maturity date(s); (iv) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (v) the place where Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the trustee or other paying agent for the series of Bonds.

In addition to the foregoing notice, the trustee shall also comply with any mandatory requirements or guidelines, published by the Securities and Exchange Commission relating to providing notices of

redemption. The failure of the trustee to comply with any such requirements shall not affect or invalidate the redemption of said Bonds.

So long as the Securities Depository is effecting book-entry transfers of the Bonds, the trustee shall provide the notices specified in this Section only to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Additional Bonds Issued on Parity with the Bonds

The indentures for each series of Bonds permit additional Bonds to be issued under and equally and ratably secured thereby on a parity (except as otherwise provided in such indenture) with the Bonds of such series and any other Additional Bonds at any time and from time to time, upon compliance with the conditions set forth in such indenture.

Before any Additional Bonds are issued under the provisions of such indenture, the City shall pass an Ordinance (a) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof and describing the purpose or purposes for which such Additional Bonds are being issued, (b) authorizing the City to enter into a supplemental indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such series of bonds and the form of the bonds of such series, and (c) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the City, are not prejudicial to the City or the owners of the Bonds previously issued.

Payment, Discharge and Defeasance of the Bonds

The Bonds of a series will be deemed to be paid and discharged and no longer Outstanding under the indenture therefor and will cease to be entitled to any lien, benefit or security of such indenture if the City shall pay or provide for the payment of such Bonds in any one or more of the following ways: (a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable; (b) by delivering such Bonds to the trustee therefor for cancellation; or (c) by depositing in trust with the trustee moneys and Defeasance Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Indenture or provision satisfactory to the trustee is made for the giving of such notice.

The Bonds of a series may be defeased in advance of their maturity or redemption dates only with cash or Defeasance Obligations pursuant to subsection (c) of the preceding paragraph, subject to receipt by the trustee of (a) for any advance refunding, a verification report in form and substance satisfactory to the trustee prepared by independent certified public accountants, or other verification agent, satisfactory to the trustee, and (b) an Opinion of Co-Bond Counsel addressed and delivered to the trustee and the City in form and substance satisfactory to the City and the trustee to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds of such series then Outstanding and any and all other amounts required to be paid under the provisions of the indenture therefor has been provided for in the manner set forth in such indenture and as to the Series 2010A Bonds and the Series 2010B Bonds, to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture.

Book-Entry Only System

General. Ownership interests in the Bonds will be available to purchasers only through a book-entry only system (the “Book-Entry Only System”) maintained by The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Bonds. Initially, the Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity listed on the cover hereof, each in the principal amount of such maturity, and will be deposited with DTC or the Trustee as DTC’s agent. The following discussion will not apply to any Bonds issued in certificate form due to the discontinuance of the DTC Book-Entry Only System, as described below.

DTC and its Participants. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (“NSCC,” “FICC” and “EMCC” also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants” and collectively with the Direct Participants, the “Participants”). DTC has Standard & Poor’s highest rating: “AAA.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.dtcc.com> and <http://www.dtc.org>.

Purchase of Ownership Interests. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (the “Beneficial Owner”) is in turn to be recorded on the Direct Participants’ and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in Beneficial Ownership.

DTC has no knowledge of the actual Beneficial Owners of the Bonds: DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. Conveyance of notices and other communication by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices, if any, shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Voting. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal and Interest. Principal and interest payments on the Bonds and redemption proceeds, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant and not of DTC, the trustee or the City, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest and redemption proceeds, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

Discontinuation of Book-Entry Only System. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the trustee. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The City may determine to discontinue the Book-Entry Only System of transfers through DTC (or a successor securities depository). In such event, the Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's Book-Entry Only System has been obtained from sources that the City and the Underwriters believe to be reliable, but the City and the Underwriters take no responsibility for the accuracy thereof and neither the DTC Direct Participants, the Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with Direct Participants or Indirect Participants, as the case may be.

None of the City, the Underwriters or any trustee for the Bonds will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (ii) the payment by any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, or interest on the Bonds; (iii) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under

the terms of the Indenture to be given to Bond Owners; or (iv) any consent given or other action taken by DTC as Bond Owner.

Registration, Transfer and Exchange

Any Bond may be transferred only upon the bond register maintained by the trustee therefor upon surrender thereof to such trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or such Owner's attorney or legal representative in such form as shall be satisfactory to the trustee. Upon any such transfer, the City shall execute and the trustee shall authenticate and deliver in exchange for such Bond a new fully registered bond of the same series, registered in the name of the transferee, of any denomination or denominations authorized by the indenture for such series of Bonds. Any Bond, upon surrender thereof at the payment office of the trustee therefor, together with an assignment duly executed by the Owner or the Owner's attorney or legal representative in such form as shall be satisfactory to the trustee, may, at the option of the Owner thereof, be exchanged for Bonds of the same maturity and series, of any authorized denomination under the indenture for such series of Bonds, bearing interest at the same rate, and registered in the name of the Owner.

The City or the trustee for a series of Bonds may make a charge against each Owner requesting a transfer or exchange of Bonds of such series for every such transfer or exchange of Bonds of such series sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such transfer or exchange, the cost of printing, if any, each new Bond issued upon any transfer or exchange and the reasonable expenses of the City and the trustee in connection therewith, and such charge shall be paid before any such new Bond shall be delivered. The City or the trustee for a series of Bonds may levy a charge against an Owner sufficient to reimburse it for any governmental charge required to be paid in the event the Owner fails to provide a correct taxpayer identification number to the trustee. Such charge may be deducted from amounts otherwise due to such Owner.

Mutilated, Lost, Stolen or Destroyed Bonds

If any mutilated Bond of a series is surrendered to the trustee for such series and the trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and there is delivered to the City and the trustee such security or indemnity as may be required by the trustee, then, in the absence of notice to the City or the trustee that such Bond has been acquired by a bona fide purchaser, the City shall exercise and, upon the City's request, the trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same maturity and of like tenor and principal amount. If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the City in its discretion, may pay such Bond instead of issuing a new Bond. Upon the issuance of any new Bond, the City and the trustee may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed and any other expenses (including the fees and expenses of the trustee). These provisions are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, lost, stolen or destroyed Bonds.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on the Bonds, nor any error in the printing of such numbers shall constitute cause for the failure or refusal by the purchaser thereof to accept delivery of and payment for any Bond.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations; Sources of Payment

The Bonds of each series and the interest thereon are special, limited obligations of the City, payable solely from the certain funds of the City held by the trustee for such series as provided in the indenture therefor, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate granted pursuant to the indenture for such series of Bonds to the trustee and in favor of the Owners of such Bonds.

The Trust Estate established in the Series 2010A Indenture consists of: (a) all right, title and interest of the City in, to and under the Special Allocation Funds (including all Payments in Lieu of Taxes from Project Area 1) and the accounts thereunder, except for the Issuer's Unassigned Rights; and (b) all right, title and interest of the City (including, but not limited to, the right to enforce any of the terms thereof, in to and under (i) the Cooperative Agreement, except for the Issuer's Unassigned Rights, and (ii) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the proceeds of the bonds issued under the Series 2010A Indenture; and (c) all other moneys and securities from time to time held by the trustee under the terms of the Series 2010A Indenture (excluding amounts held in the rebate fund), and any and all other property (real, person or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind pledged, assigned or transferred as and for additional security under the Series 2010A Indenture by the City, or by anyone in its behalf or with its written consent, to the trustee. City Revenues and Incremental Tax Revenues are included in the Trust Estate for the Series 2010A Bonds. For a complete description of the sources of payment of the Series 2010A Bonds and definitions of the terms set forth in this paragraph, see **Appendix B** of this Official Statement **"DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS"** and the Series 2010A Indenture.

The Trust Estate established in each of the Series 2010B Indenture consists of: (a) all Appropriated Moneys; (b) all moneys and securities (except moneys and securities held in the rebate fund) from time to time held by the Series 2010B Trustee under the terms of the Series 2010B Indenture; and (c) any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under such indenture by the City or by anyone in its behalf or with its written consent, to the Series 2010B Trustee. For a complete description of the sources of payment of the Series 2010B Bonds and definitions of the terms set forth in this paragraph, see **Appendix B** of this Official Statement **"DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS"** and the Series 2010B Indenture.

The Trust Estate established in each of the Series 2010C Indenture consists of: (a) all Appropriated Moneys; (b) all moneys and securities from time to time held by the Series 2010C Trustee under the terms of the Series 2010C Indenture; and (c) any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under such indenture by the City or by anyone in its behalf or with its written consent, to the Series 2010C Trustee. For a complete description of the sources of payment of the Series 2010C Bonds and definitions of the terms set forth in this paragraph, see **Appendix B** of this Official Statement **"DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS"** and the Series 2010C Indenture.

As described above, pursuant to each indenture, the City has pledged, as security for the payment of the Bonds of a series, all of its rights and interests in the applicable Trust Estate. The City further covenants in each indenture that the City officer responsible for formulating the City budget will be directed to include in the budget proposal submitted to the City Council in each fiscal year that the Bonds of such series are outstanding a request for an appropriation of funds in an amount equal to the principal of and interest on

such Bonds during the next fiscal year of the City which appropriated amount, or portion thereof, may be transferred to the trustee for such series at the times and in the manner provided in the indenture for such series.

THE BONDS OF EACH SERIES AND THE INTEREST THEREON SHALL BE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE OUT OF CERTAIN FUNDS APPROPRIATED BY THE CITY AND MONEYS IN THE FUNDS AND ACCOUNTS HELD BY THE TRUSTEE UNDER THE INDENTURE FOR SUCH SERIES AND ARE SECURED BY A TRANSFER, PLEDGE AND ASSIGNMENT OF AND A GRANT OF A SECURITY INTEREST IN THE TRUST ESTATE TO THE TRUSTEE AND IN FAVOR OF THE OWNERS OF THE BONDS, AS PROVIDED IN THE INDENTURE FOR SUCH SERIES OF BONDS. THE BONDS AND INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATION OR PROVISION, AND SHALL NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE INDENTURE FOR SUCH BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. NO BREACH BY THE CITY OF ANY SUCH PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT MAY IMPOSE ANY LIABILITY, PECUNIARY OR OTHERWISE, UPON THE STATE OR ANY CHARGE UPON ITS GENERAL CREDIT OR ITS TAXING POWER.

No recourse shall be had for the payment of the principal of or interest on any of the Bonds of a series or for any claim based thereon or upon any obligation, covenant or agreement in the indenture for such series against any past, present or future elected official of the City or any trustee, officer, official, employee or agent of the City, as such, either directly or through the City or any successor to the City, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise.

Transfer of Funds by the City

Series 2010A Bonds. The indenture for the Series 2010A Bonds establishes a Revenue Fund which the trustee for such series is to administer as follows:

(a) The City shall transfer, or cause to be transferred all Incremental Tax Revenues to the trustee for deposit into the Revenue Fund in accordance with the Cooperative Agreement and the indenture. All PILOTS shall be deposited to the PILOTS Account, Economic Activity Taxes shall be deposited in the EATS Account, all Super TIF Revenues shall be deposited in the Super TIF Account and all State TIF Revenues shall be deposited in the State TIF Revenues Account. Any City Revenues deposited by the City shall be deposited in the City Revenues Account.

(b) After amounts in the Capitalized Interest Fund have been depleted, the trustee shall transfer to the Debt Service Fund on the third Business Day prior to a Payment Date an amount sufficient to pay the principal of and interest becoming due and payable, whether by stated maturity or mandatory sinking fund redemption, on the respective Series of Bonds and other amounts due under the Series 2010A Indenture and notify the City of the amount so deposited. Moneys transferred from the Revenue Fund shall be drawn first from the PILOTS Account, then from the EATS Account, then from the Super TIF Account, then from the State TIF Revenues Account and finally from the City Revenues Account.

On the second Business Day preceding each Payment Date (except as otherwise provided below), or any other appropriate Business Day upon instructions from the City, moneys in the Revenue Fund shall be applied by the trustee for the remaining purposes and in the amounts as follows:

First, to the Rebate Fund, an amount sufficient to pay rebate, if any, to the United States of America, owed under Section 148 of the Code, as directed in writing by the City in accordance with the Tax Compliance Agreement;

Second, for transfer to the Debt Service Reserve Fund such amounts as may be required to restore any deficiency in the Debt Service Reserve Fund if the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement;

Third, to the trustee or any paying agent, an amount sufficient for payment of any reasonable fees and expenses which are due and owing to the trustee or any paying agent, upon delivery to the City of an invoice for such amounts, and any surveillance fees of the rating agencies,

Fourth, to the City, an amount sufficient to reimburse the City for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the Plan, and to reimburse the City for City Revenues advanced to pay debt service on the bonds, upon delivery to the trustee of an invoice for such amounts;

Fifth, to the Commission, an amount sufficient to reimburse the Commission for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the Plan and the Redevelopment Agreement, upon delivery to the trustee of an invoice for such amounts stating that such payment is permitted under the Act;

If the amount transferred by the City shall be insufficient to make all such deposits, such amounts will be applied in such amounts and into such funds and accounts as directed by the City.

After April 15 of each year, the trustee at the written direction of the City may transfer the remaining Incremental Tax Revenues other than State TIF Revenues either to Redemption Account of the Debt Service Fund to be applied to the payment of the principal of and accrued interest on all Bonds on the next available redemption date or returned to the City to fund additional projects under the Plan or for other purposes permitted by applicable laws.

Upon the payment in full of the principal of and interest on the bonds (or provision has been made for the payment thereof as specified in the indenture) and the fees, charges and expenses of the trustee and any paying agents, and any other amounts required to be paid under the indenture or the Cooperative Agreement, all amounts remaining on deposit in the Revenue Fund (other than in the Super TIF Revenues Account, the State TIF Revenues Account or City Revenues Account) shall be paid to the Commission for deposit into the Special Allocation Fund. Amounts in the State TIF Revenues Account shall be used to fund additional projects under the Plan, and amounts in the Super TIF Revenues Account and the City Revenues Account shall be returned to the City. **See Appendix B of this Official Statement “DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS” and the Series 2010A Indenture.**

Series 2010B Bonds and Series 2010C Bonds. Subject to annual appropriation, on the Business Day prior to each Payment Date for the Series 2010B Bonds and the Series 2010C Bonds, the City shall transfer to the trustee for such series Appropriated Moneys sufficient to make the following deposits to the funds and accounts created under the indenture for such series and such trustee shall deposit such Appropriated Moneys received from the City as follows:

First, for transfer to the Rebate Fund established under the indenture for such series, if any¹, an amount sufficient to pay rebate, if any, to the United States of America, owed under Section 148 of the Code, as directed in writing by the City in accordance with the Tax Compliance Agreement;

Second, for transfer to the Debt Service Fund established under the indenture for such series an amount sufficient to pay the principal and interest coming due on Bonds of such series on the next succeeding Payment Date and if so directed by the City, to pay such amount of the principal of and interest due in the then current Fiscal Year as the City shall direct (taking into account moneys already on deposit in such Debt Service Fund for payment of principal and interest on such Bonds), subject to the restrictions on use of such moneys as described in the indenture for such series;

Third, for transfer to the Debt Service Reserve Fund established under the indenture for such series, if any, such amounts as may be required to restore any deficiency in such Debt Service Reserve Fund if the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement;

Fourth, for payment to the trustee or any paying agent for such series of Bonds, an amount sufficient for payment of any fees and expenses which are due and owing to such trustee or paying agent, upon delivery to the City of an invoice for such amounts;

If the amount transferred by the City shall be insufficient to make all such deposits, such Appropriated Moneys will be applied in such amounts and into such funds and accounts as directed by the City. See **Appendix B** of this Official Statement “**DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS**”, the Series 2010B Indenture and the Series 2010C Indenture.

There can be no assurance that the City will appropriate such funds in any year and no indenture for a series of Bonds obligates the City to do so. However, under each indenture, the City covenants that a request for appropriations will be included in each annual budget submitted to the governing body of the City for approval.

Possible Sources of Funding for Appropriated Money

Although payment of principal and interest for a series of Bonds may be made from any funds of the City legally available for such purpose, several of the projects financed or refinanced with proceeds of Bonds or the refunded bonds have available specified revenue sources from which funds may be appropriated to pay the applicable portion of debt service attributable to such project. See, for example, the captions “**Summary of the Cooperative Agreement**” relating to the East Village Project financed with proceeds of the Series 2010A Bonds, “**Summary of First Amendment to Amended and Restated City Market Site Lease**” and “**Summary of First Supplemental Cooperation Agreement With PIEA**” relating to the City Market Project refinanced with proceeds of the Series 2010C Bonds, and “**Summary of Financing Agreement Relating to Valentine Portion of Series 2010C Bonds**” relating to the Valentine Shopping Center Redevelopment Project refinanced with proceeds of the Series 2010C Bonds, in **Appendix B** of this Official Statement. The City is not required to use such revenue sources to fund its annual appropriations, however, and such annual appropriations, when made, may be financed with any lawfully available funds of the City. Certain revenues from subtenants of the City Market project and from the lessee of the Valentine Shopping

¹ No Rebate Fund is being established under the Series 2010C Indenture because the Series 2010C Bonds are being issued as taxable bonds which are not subject to rebate requirements.

Center project will be paid directly to the Series 2010C Trustee under applicable documents, and if so paid, will be credited against the City's annual appropriations payments.

Debt Service Fund

The Trustee shall deposit and credit to the Debt Service Fund for each series of Bonds, as and when received, the amounts required to be deposited therein under the indenture for such series. The moneys in the Debt Service Fund for each series of Bonds shall be held in trust and shall be applied solely in accordance with the provisions of the indenture for such series of Bonds to pay the principal of and redemption premium, if any, and interest on such Bonds as the same become due and payable.

Debt Service Reserve Fund

The indentures for each series of Bonds establish a Debt Service Reserve Fund to be held by the trustee for such series as additional security for such Bonds. The indentures provide that moneys in the Debt Service Reserve Fund be used to make up any deficiency in the Debt Service Fund with respect to the Bonds of such series outstanding. In lieu of a cash deposit, the Debt Service Reserve Requirement for any series may be satisfied by a Reserve Policy. In the event that a surety bond or insurance policy is provided to a trustee in lieu of a cash deposit, such surety bond or insurance policy must be a surety bond or insurance policy issued by an insurance company which at the time of issuance is rated in one of the two highest rating categories by Standard & Poor's and Moody's and, if rated by A.M. Best & Company, must also be rated in the highest rating category by A.M. Best & Company at the time of issuance.

If a Debt Service Reserve Fund contains both cash and a Reserve Policy, then upon an application of amounts in the Debt Service Reserve Fund to pay the principal of and interest on the Bonds of such series, such cash will be drawn down completely before any demand is made on the Reserve Policy. If a Debt Service Reserve Fund contains both a Reserve Policy and another surety bond or insurance policy, then upon an application of amounts in the Debt Service Reserve Fund to pay the principal of and interest on the Bonds of such series, there shall be a pro-rata draw on the Reserve Policy and such other surety bond or insurance policy. See the caption "**SUMMARY OF THE INDENTURE – Debt Service Reserve Fund**" in **Appendix B** to this Official Statement.

PLAN OF FINANCE

Purpose of the Bonds

Series 2010A Bonds. The City will issue the Series 2010A Bonds pursuant to the Series 2010A Indenture for the purpose of providing funds (i) to pay for certain project costs incurred or to be incurred in connection with the East Village Project, (ii) to fund a debt service reserve fund for the Series 2010A Bonds, and (iii) to pay the Costs of Issuance of the Series 2010A Bonds.

East Village Project – The East Village Project includes the acquisition of property, demolition of blighted structures, construction, and improvement of parking facilities and other eligible redevelopment costs within the East Village Tax Increment Financing Redevelopment Area in the City. In April of 2008 the City and the Tax Increment Financing Commission of Kansas City, Missouri entered into a Cooperative Agreement (the "East Village Cooperative Agreement"), wherein certain Incremental Tax Revenues (as defined in the Series 2010A Indenture) are applied to pay a portion of the costs of the East Village Project, including the payment of principal of, redemption premium of, if any, and interest on the City's Special Obligation Bonds (East Village Project) Series 2008B (the "Series 2008B East Village Bonds") which were issued pursuant to the Series 2010A Original Indenture. Concurrently with the issuance of the Series 2010A Bonds, the East Village Cooperative Agreement will be amended by a First Supplemental Cooperative

Agreement dated as of April 1, 2010, among the City, the Tax Increment Financing Commission of Kansas City, Missouri, and the Series 2010A Trustee, pursuant to which Incremental Tax Revenues also will be applied to pay a portion of the principal of, redemption premium of, if any, and interest of the Series 2010A Bonds.

Series 2010B Bonds. The City will issue the Series 2010B Bonds pursuant to the Series 2010B Indenture for the purpose of providing funds (i) to currently refund the Series 1996A LCRA Bonds, (ii) to currently refund the Series 1999A KCMAC Bonds, (iii) to currently refund the Series 2001B-1 KCMAC Bonds, (iv) to fund a debt service reserve fund for the Series 2010B Bonds, and (v) to pay costs related to the issuance of the Series 2010B Bonds.

Series 1996A LCRA Bonds – The Series 1996A LCRA Bonds were issued by the Land Clearance for Redevelopment Authority of Kansas City, Missouri, for the purpose of providing funds to acquire a project site and to construct and renovate a facility for the City's ambulance service. The Series 1996A LCRA Bonds remain outstanding in the aggregate principal amount of \$3,385,000, all of which will be redeemed on July 1, 2010 with proceeds of the Series 2010B Bonds.

Series 1999A KCMAC Bonds – The Series 1999A KCMAC Bonds were issued by the Kansas City Municipal Assistance Corporation to finance the Oak Street Garage, located in Kansas City, Missouri, and certain streetlight improvements. The Series 1999A LCRA Bonds remain outstanding in the aggregate principal amount of \$3,695,000, all of which will be redeemed on April 28, 2010 with proceeds of the Series 2010B Bonds.

Series 2001B-1 KCMAC Bonds – The Series 2001B-1 KCMAC Bonds were issued by the Kansas City Municipal Assistance Corporation to finance certain road improvements. The Series 2001B-1 LCRA Bonds remain outstanding in the aggregate principal amount of \$15,675,000, all of which will be redeemed on April 28, 2010 with proceeds of the Series 2010B Bonds.

Series 2010C Bonds. The City will issue the Series 2010C Bonds pursuant to the Series 2010C Indenture for the purpose of providing funds (i) to currently refund the Series 1998 PIEA Bonds, (ii) to currently refund the Series 1998 MDFB Bonds, (iii) to reimburse the City for amounts deposited in a debt service reserve fund for the Series 2005E LCRA Bonds, (iv) to fund a debt service reserve fund for the Series 2010C Bonds, and (v) to pay costs related to the issuance of the Series 2010C Bonds.

Series 1998 PIEA Bonds – The Series 1998 PIEA Bonds were issued by The Planned Industrial Expansion Authority of Kansas City, Missouri, for the purpose of providing funds to refund certain bonds which were issued for the purpose of acquiring a leasehold interest in the City Market located in Kansas City, Missouri, including the site and certain existing buildings, structures and improvements thereon. The Series 1998 PIEA Bonds remain outstanding in the aggregate principal amount of \$7,290,000, all of which will be redeemed on May 27, 2010 with proceeds of the Series 2010C Bonds.

Series 1998 MDFB Bonds – The Series 1998 MDFB Bonds were issued by the Missouri Development Finance Board to finance the acquisition and rehabilitation of the Valentine Shopping Center Redevelopment Project located in Kansas City, Missouri. The Series 1998 MDFB Bonds remain outstanding in the aggregate principal amount of \$2,015,000, all of which will be redeemed on April 28, 2010 with proceeds of the Series 2010C Bonds.

Series 2005E LCRA Bonds – The Series 2005E LCRA Bonds were issued by the Land Clearance for Redevelopment Authority of Kansas City, Missouri to finance certain infrastructure improvements. The indenture for the Series 2005E LCRA Bonds requires that the City either fund, or purchase a surety for, a debt service reserve fund for the Series 2005E Bonds meeting the debt service reserve requirement set forth in such indenture. In February of 2009 the City funded the

debt service reserve fund for the Series 2005E LCRA Bonds with \$3,313,000 of City cash, all of which will be reimbursed to the City with proceeds of the Series 2010C Bonds.

Sources and Uses of the Bond Funds

Series 2010A Bonds

SOURCES OF FUNDS

Par amount of Series 2010A Bonds	\$ 5,615,000.00
Original Issue Discount (net of Reoffering Premium)	(53,107.05)
Total Sources	<u>\$ 5,561,892.95</u>

USES OF FUNDS

Deposit to Project Fund for Series 2010A Bonds	\$ 5,036,506.48
Deposit to Debt Service Reserve Fund for Series 2010A Bonds	410,218.76
Deposit to Rebate Fund for Series 2010A Bonds	5,000.00
Deposit to Costs of Issuance Fund for Series 2010A Bonds	77,350.01
Underwriters' Discount	32,817.70
Total Uses	<u>\$ 5,561,892.95</u>

Series 2010B Bonds

SOURCES OF FUNDS

Par amount of Series 2010B Bonds	\$19,880,000.00
Reoffering Premium (net of Original Issue Discount)	26,642.65
Transfer from Series 1996A LCRA Bonds debt service reserve fund	825,500.00
Transfer from Series 1999A KCMAC Bonds project fund	377,827.66
Transfer from Series 1999A KCMAC Bonds debt service reserve fund	662,135.69
Transfer from Series 2001B-1 KCMAC Bonds project fund	1,362,979.73
Transfer from Series 2001B-1 KCMAC Bonds debt service reserve fund	2,074,713.20
Total Sources	<u>\$25,209,798.93</u>

USES OF FUNDS

Deposit to Costs of Issuance Fund for Series 2010B Bonds	\$163,607.02
Deposit to Debt Service Reserve Fund for Series 2010B Bonds	1,988,000.00
Deposit to Rebate Fund for Series 2010B Bonds	5,000.00
Transfer to trustee for Series 1996A LCRA Bonds to refund Series 1996A LCRA Bonds	3,477,241.25
Transfer to trustee for Series 1999A KCMAC Bonds to refund Series 1999A KCMAC Bonds	3,742,829.41
Transfer to trustee for Series 2001B-1 KCMAC Bonds to refund Series 2001B-1 KCMAC Bonds	15,731,095.13
Underwriters' Discount	102,026.12
Total Uses	<u>\$25,209,798.93</u>

Series 2010C Bonds

SOURCES OF FUNDS

Par amount of Series 2010C Bonds	\$12,360,000.00
Transfer from Series 1998 PIEA Bonds debt service reserve fund	1,498,153.98
Transfer from Series 1998 PIEA Bonds project fund	3.85
Transfer from Series 1998 MDFB Bonds debt service fund	43.59
Transfer from Series 1998 MDFB Bonds debt service reserve fund	350,000.00
Total Sources	<u>\$14,208,201.42</u>

USES OF FUNDS

Deposit to Costs of Issuance Fund for Series 2010C Bonds	\$100,794.27
Deposit to Debt Service Reserve Fund for Series 2010C Bonds	1,236,000.00
Transfer to trustee for Series 1998 PIEA Bonds to refund Series 1998 PIEA Bonds	7,473,970.14
Transfer to trustee for Series 1998 MDFB Bonds to refund Series 1998 MDFB Bonds	2,025,427.63
Transfer to City to reimburse moneys used to fund debt service reserve fund for Series 2005E LCRA Bonds	3,313,000.00
Underwriters' Discount	59,009.38
Total Uses	<u>\$14,208,201.42</u>

DEBT SERVICE SCHEDULE

The following table sets forth for each respective fiscal year the aggregate amount required to be made available in such fiscal year for the payment of principal and interest on the Bonds:

Fiscal Year	Series 2010A Bonds		Series 2010B Bonds		Series 2010C Bonds		Total Annual Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
2011	\$ 180,000.00	\$ 226,991.46		\$ 482,721.80	\$ 205,000.00	\$ 471,988.48	\$ 1,566,701.74
2012	175,000.00	231,218.76	\$ 1,740,000.00	712,212.50	1,450,000.00	505,804.76	4,814,236.02
2013	180,000.00	227,718.76	1,830,000.00	642,612.50	1,480,000.00	474,049.76	4,834,381.02
2014	185,000.00	222,318.76	1,910,000.00	587,712.50	1,535,000.00	428,243.76	4,868,275.02
2015	190,000.00	216,768.76	1,970,000.00	530,412.50	3,095,000.00	369,729.56	6,371,910.82
2016	195,000.00	211,068.76	2,060,000.00	471,312.50	295,000.00	244,010.66	3,476,391.92
2017	205,000.00	205,218.76	1,500,000.00	409,512.50	785,000.00	230,720.90	3,335,452.16
2018	210,000.00	198,043.76	1,560,000.00	357,012.50	735,000.00	192,609.16	3,252,665.42
2019	215,000.00	190,168.76	2,420,000.00	298,512.50	2,780,000.00	153,205.80	6,056,887.06
2020	225,000.00	181,568.76	1,395,000.00	201,712.50			2,003,281.26
2021	235,000.00	172,287.50	3,495,000.00	144,168.76			4,046,456.26
2022	245,000.00	162,593.76					407,593.76
2023	255,000.00	152,181.26					407,181.26
2024	265,000.00	141,025.00					406,025.00
2025	280,000.00	129,100.00					409,100.00
2026	290,000.00	116,500.00					406,500.00
2027	305,000.00	103,087.50					408,087.50
2028	320,000.00	88,600.00					408,600.00
2029	335,000.00	73,000.00					408,000.00
2030	350,000.00	56,250.00					406,250.00
2031	775,000.00	38,750.00					813,750.00
Total	\$5,615,000.00	\$3,344,460.32	\$19,880,000.00	\$4,837,903.06	\$12,360,000.00	\$3,070,362.84	\$49,107,726.22

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THE CITY

The City was incorporated on June 3, 1850. The City is the central city of a 15-county Metropolitan Statistical Area (“MSA”), which includes Bates, Caldwell, Cass, Clay, Jackson, Platte, Clinton, Lafayette and Ray counties in the State of Missouri and Johnson, Franklin, Linn, Wyandotte, Leavenworth and Miami counties in the State of Kansas. The City is situated at the confluence of the Kansas and Missouri rivers on Interstate Highways I-29, I-35 and I-70. According to the City Planning and Development Department, the 2009 population estimates of the City and the Kansas City MSA are 484,339 and 2,022,631, respectively. See **“APPENDIX C: INFORMATION CONCERNING THE CITY OF KANSAS CITY, MISSOURI.”** See **“APPENDIX A: AUDITED FINANCIAL STATEMENTS OF THE CITY OF KANSAS CITY, MISSOURI.”**

The Bonds are not a general obligation of the City and are payable solely from the revenues described in this Official Statement. The information regarding the City contained in Appendix C should not be construed as an indication that the Bonds are payable from any source other than such revenues as described in this Official Statement. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” in this Official Statement.

Anticipated Future Financings

The City anticipates that in the next few months it will issue additional obligations that will be secured, in part, by the City’s annual appropriation. Such additional issuances may include (i) an approximately \$3,600,000 issuance to finance the purchase of various vehicles for the Issuer fleet vehicle program, (ii) an approximately \$2,500,000 issuance to finance the purchase of software, hardware and implementation services for the migration of City email services to a Microsoft Exchange platform, (iii) an approximately \$145,000,000 issuance to refund Industrial Development Authority of the City of Kansas City, Missouri Variable Rate Demand Obligations Series 2005B, 2006A to fixed interest rate obligations and to pay termination costs of floating-to-fixed interest rate swap transactions related to the Series 2005B and 2006A bonds, and (iv) an approximately \$950,000 issuance to finance the purchase of various equipment and leasehold improvements to the Jackson County Jail that also incarcerates inmates of the City Municipal Court System.

Available Information

The City has entered into continuing disclosure undertakings under SEC Rule 15c2-12, under which the City annually files its audited financial statements and certain other information with each nationally recognized municipal securities repository. Such financial statements and other information are available from the nationally recognized municipal securities repositories. On July 1, 2009, the Electronic Municipal Market Access (“EMMA”) system established by the Municipal Securities Rulemaking Board (the “MSRB”) became the exclusive repository for filing continuing disclosure reports and material event notices required by SEC Rule 15c2-12.

For information relating to the City’s continuing disclosure undertakings in connection with the issuance of the Bonds, see the caption **“CONTINUING DISCLOSURE”** in this Official Statement.

BONDOWNERS' RISKS

The following is a discussion of certain risks that could affect payments to be made with respect to the Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully the information contained in this Official Statement, including the appendices hereto, and additional information in the form of the complete documents summarized herein and in the appendices hereto, copies of which are available as described herein.

Nature of the Obligations

The Bonds of each series and the interest thereon are special, limited obligations of the City and the Bonds are payable solely from and secured by certain funds appropriated by the City and other moneys on deposit under the indenture for such series. The Bonds do not constitute a general obligation of the City and do not constitute indebtedness of the City, the State or any political subdivision of the State within the meaning of any constitutional or statutory provision or limitation. Neither the City, the State nor any political subdivision of the State is obligated to levy any tax or to make any appropriation for the payment of the Bonds.

Non-Appropriation

The application of Appropriated Moneys, City Revenues and Incremental Tax Revenues to the payment of the principal of and interest on the Bonds is subject to annual appropriation by the City. Although the City has covenanted in the indentures for each series of Bonds that the appropriation of the Appropriated Moneys will be included in the budget submitted to the City Council for each fiscal year, there can be no assurance that such appropriation will be made by the City Council, and the City Council is not legally obligated to make any such appropriation.

Factors which may affect the willingness of the City Council to appropriate the principal of and interest on the Bonds include, but are not limited to, the sufficiency of legally available funds of the City to make such payments and other needs of the City with respect to the use of such funds for its governmental purposes.

In considering the payments of principal of and interest on the Bonds, the annual appropriation nature of such payments impacts their value as security for the Bonds. If the City fails to appropriate the principal of and interest on the Bonds for any reason, those funds will not be available for payment of the Bonds. The failure of the City to appropriate the principal of and interest on a series of Bonds is not an Event of Default under the indenture for such series and there is no available legal remedy to compel such appropriation. Without the appropriated funds, the City would be unable to pay debt service on such Bonds.

Marketability

No assurance can be given that a secondary market for any series of Bonds will develop following the completion of the offering of the Bonds. The Bonds are not readily liquid, and no person should invest in the Bonds with funds such person may need to convert readily into cash. Bondowners should be prepared to hold their Bonds to the stated maturity date. The Underwriter will not be obligated to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market for the Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Bonds and no assurance can be given that the initial offering price for the Bonds will continue for any period of time.

No Mortgage of the Projects Other Than Valentine Project and City Market Project

Except as described below, payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on the projects financed or refinanced with the proceeds of the Bonds nor any property of the City, nor by any pledge of the revenues from the operations of the projects financed or refinanced with the proceeds of the Bonds or the City's enterprise systems.

The respective Deeds of Trust which were granted on the City Market property financed with proceeds of the Series 1998 PIEA Bonds and on the Valentine Shopping Center property financed with proceeds of the Series 1998 MDFB Bonds will be assigned to the Series 2010C Bonds upon the refunding of the Series 1998 PIEA Bonds and Series 1998 MDFB Bonds, and each such Deed of Trust will thereafter secure the respective portion of debt service on the Series 2010C Bonds allocable to the respective project.

Limitations on Remedies

The remedies available upon a default under the indentures and other legal documents relating to the Bonds will, in many respects, be dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory laws and judicial decisions, including the United States Bankruptcy Code, the remedies specified in the indentures and other legal documents may not be readily available or may be limited. The various legal opinions to be delivered in connection with the issuance of the Bonds will be expressly subject to the qualification that the enforceability of the indentures and other legal documents is limited by bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting the rights of creditors generally and by the exercise of judicial discretion in appropriate cases.

Early Redemption of the Bonds

The indenture for each series of Bonds provides that the Bonds of such series are subject to redemption as set forth under the caption **"THE Bonds – Redemption"** in this Official Statement. Purchasers of the Bonds should bear in mind that such redemption could affect the price of the Bonds in the secondary market.

Risk of Taxability; Taxability

For information with respect to events occurring subsequent to issuance of the Series 2010A Bonds and the Series 2010B Bonds that may require that interest on such Bonds be included in gross income for purposes of federal income taxation, see **"TAX MATTERS"** in this Official Statement. Interest on the Series 2010C Bonds is included in gross income for purposes of federal income taxation.

Risk of Audit

The Internal Revenue Service (the "Service") has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. Co-Bond Counsel cannot predict whether the Service will commence an audit of the Bonds. Owners of the Series 2010A Bonds and Series 2010B Bonds are advised that, if the Service does audit such Bonds, under current Service procedures, at least during the early stages of an audit, the Service will treat the City as the taxpayer, and the owners of such Bonds may have limited rights to participate in the audit. Public awareness of any audit could adversely affect the market value and liquidity of such Bonds during the pendency of the audit, regardless of the ultimate outcome thereof.

City Sewer Overflow Control Plan

On January 30, 2009 the City submitted a plan to control overflows from the City's combined and sanitary sewer systems to the Missouri Department of Natural Resources (the "MDNR") and the United States Environmental Protection Agency (the "EPA"). The control plan is being driven by requirements of the Clean Water Act and by policies of the EPA. The City has reached tentative agreement with the federal government, pending approvals by City and federal officials, on a consent decree that will approve this sewer overflow control plan, resolve past Clean Water Act violations, and impose a penalty. A separate agreement has been tentatively reached with the State, pending approvals by the City and state officials, resolving past sewer overflow violations, imposing a penalty, and developing a sewer overflow response plan. If the agreements are not finalized, there is a potential for an enforcement action by the EPA, the MDNR, or a citizen's suit.

The current estimated capital cost of this control plan is \$2.5 billion (2008 dollars) over twenty-five years. In addition, once implementation begins, there will be a substantial increase in annual expenditures for operation and maintenance. It is anticipated that this plan will be funded primarily from the City's sewer fund, which is separate from the general fund. The City does not anticipate that the City's general fund will be relied upon to assist in the financing of the control plan; however, further future analysis will be required. Specifically, upon approval and implementation of the control plan, specific financing strategies to offset the cost of the control plan will be evaluated and implemented, which financing plans may include diversion of moneys from the City's general fund.

Earnings Tax Initiative Petition

On December 29, 2009 the Missouri Secretary of State certified the following official ballot title for an initiative petition:

"Shall Missouri law be amended to:

- repeal the authority of certain cities to use earnings taxes to fund their budgets;
- require voters in cities that currently have an earnings tax to approve continuation of such tax at the next general municipal election and at an election held every 5 years thereafter;
- require any current earnings tax that is not approved by the voters to be phased out over a period of 10 years; and
- prohibit any city from adding a new earnings tax to fund their budget?

The proposal could eliminate certain city earnings taxes. For 2010, Kansas City and the City of St. Louis budgeted earnings tax revenue of \$199.2 million and \$141.2 million, respectively. Reduced earnings tax deductions could increase state revenues by \$4.8 million. The total cost or savings to state and local governmental entities is unknown."

Approximately 95,000 signatures properly apportioned among the State's Congressional Districts must be submitted to the Secretary of State on or before May 2, 2010 in order for the proposition to be presented to the voters of Missouri at an election on November 2, 2010.

If approved by the voters of Missouri, then the voters of the City must then decide whether to retain the earnings tax at an authorized election date during 2011. Should the voters of the City vote not to retain the earnings tax, the City would be required to reduce the earnings tax by 10% of the original earnings tax every year for 10 years.

The City cannot predict whether the initiative petition will receive the requisite number of signatures to be placed on the statewide ballot for November 2, 2010, or if placed on the ballot, whether Missouri voters

will approve the ballot question. However, (1) if the initiative petition drive is successful, and (2) the ballot question is then approved by Missouri voters, and (3) the voters of the City decide to retain the City earnings tax, then City voters will be required to vote every 5 years thereafter to affirm the retention of the City earnings tax. If City voters vote against retaining the earnings tax, the City would be required to reduce the earnings tax by 10% of the original earnings tax every year for 10 years until the tax is completely phased out, which would have a material adverse effect on the City's revenues and the City's ability to appropriate funds to pay debt service on the Bonds.

LITIGATION

There is no litigation, controversy or other proceeding of any kind pending or, to the City's knowledge, threatened in which any matter is raised or may be raised questioning, disputing, challenging or affecting in any way the legal organization of the City or its boundaries, the right or title of any of the City's officers to their respective offices, the constitutionality or validity of the Bonds, the legality of any official act taken in connection with the execution and delivery of any indenture for the Bonds or the legality of any of the proceedings had or documents entered into in connection with the authorization, execution and delivery of the indentures for the Bonds or the issuance of the Bonds.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds by the City are subject to the approving legal opinion of Kutak Rock, LLP, Kansas City, Missouri and Hardwick Law Firm, LLC, Kansas City, Missouri, Co-Bond Counsel, whose approving opinion will be delivered with the Bonds. A copy of the proposed form of such opinion is attached as **Appendix D** to this Official Statement. Co-Bond Counsel expresses no opinion as to the accuracy or sufficiency of any information contained in this Official Statement or any of the appendices to this Official Statement except for the matters appearing in the sections of this Official Statement captioned **"INTRODUCTION – The Series 2010A Bonds"**, **"INTRODUCTION – The Series 2010B Bonds"**, **"INTRODUCTION – The Series 2010C Bonds"**, **"THE BONDS"** (other than the information appearing in the subsection captioned **"Book-Entry Only System"**), **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS"** and **"TAX MATTERS"** and the matters appearing in **Appendix B** and **Appendix D** to this Official Statement. Certain legal matters will be passed upon for (i) the City by the assistant City Attorney and (ii) the Underwriters by Bryan Cave LLP, Kansas City, Missouri. Certain disclosure matters will be passed upon for the City by its co-disclosure counsel, Gilmore & Bell, P.C., Kansas City, Missouri and The Martinez Law Firm, LLC, Kansas City, Missouri.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transactions opined upon or of the future performance of parties to such transaction, and the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Series 2010A Bonds and Series 2010B Bonds

In General

In the opinion of Kutak Rock LLP and Hardwick Law Firm, LLC, Co-Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2010A Bonds and Series 2010B Bonds is excluded from gross income for federal and Missouri income tax purposes. Co-Bond Counsel is further of the opinion that interest on the Series 2010A Bonds and Series 2010B Bonds is not a specific preference item for purposes of the federal alternative minimum tax and is not included in adjusted current earnings when calculating the federal alternative minimum taxable income for corporations. No opinion is expressed regarding the applicability with respect to the Series 2010A Bonds and Series 2010B Bonds or the interest on the Series 2010A Bonds and Series 2010B Bonds of the taxes imposed by the State of Missouri on financial institutions under Chapter 148 of the Revised Statutes of Missouri, as amended.

Co-Bond Counsel's opinion is conditioned on continuing compliance by the City with all requirements of the Code that must be satisfied in order that interest on the Series 2010A Bonds and Series 2010B Bonds be, and continue to be, excluded from gross income for federal and Missouri tax purposes. The City has covenanted to comply with all such requirements. In addition, Co-Bond Counsel rely on representations by the City and others, with respect to matters solely within their knowledge, which Co-Bond Counsel has not independently verified. Failure to comply with the requirements of the Code, or the foregoing representations being determined to be inaccurate or incomplete, may cause interest on the Series 2010A Bonds and/or Series 2010B Bonds to be included in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Series 2010A Bonds and Series 2010B Bonds. Co-Bond Counsel has not been retained to monitor compliance with requirements such as described above subsequent to the issuance of the Series 2010A Bonds and Series 2010B Bonds. In addition, the Indenture does not require the City to redeem the Series 2010A Bonds and Series 2010B Bonds or to pay any additional interest or penalty in the event that interest on the Series 2010A Bonds and Series 2010B Bonds becomes taxable.

Except as stated above, Co-Bond Counsel has expressed no opinion as to any federal, state or local tax consequences arising with respect to the Series 2010A Bonds and Series 2010B Bonds.

The accrual or receipt of interest on the Series 2010A Bonds and Series 2010B Bonds may otherwise affect the federal (and, in some cases, state and local) income tax liability of the owners of the Series 2010A Bonds and Series 2010B Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Co-Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2010A Bonds and Series 2010B Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2010A Bonds and Series 2010B Bonds.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2010A Bonds and Series 2010B Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The new reporting requirement does not in and of itself affect or alter

the excludability of interest on the Series 2010A Bonds and Series 2010B Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2010A Bonds and Series 2010B Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2010A Bonds and Series 2010B Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2010A Bonds and Series 2010B Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2010A Bonds and Series 2010B Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2010A Bonds and Series 2010B Bonds and Co-Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Series 2010C Bonds

In General

Interest on the Series 2010C Bonds is not excluded from gross income for federal and Missouri income tax purposes.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2010C Bonds under the Code and the Regulations, and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the Series 2010C Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2010C Bonds.

In general, interest paid on the Series 2010C Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the Series 2010C Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital.

Premium

An investor that acquires a Series 2010C Bond for a cost greater than its remaining stated redemption price at maturity and holds the Bond as a capital asset will be considered to have purchased the Bond at a premium and, under Section 171 of the Code, must generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Regulations have been issued dealing with certain aspects of federal income tax treatment of premium, but such regulations do not fully address the method to be used to amortize premium on obligations such as the

Series 2010C Bonds. Therefore, investors should consult their tax advisors regarding the tax consequences of amortizing premium.

Market Discount

An investor that acquires a Series 2010C Bond for a price less than the adjusted issue price of such Bond (or an investor who purchases a Series 2010C Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, “market discount” means (a) in the case of a Series 2010C Bond originally issued at a discount, the amount by which the issue price of such Bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a Series 2010C Bond not originally issued at a discount, the amount by which the stated redemption price of such Bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Series 2010C Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Bond as ordinary income to the extent of any remaining accrued market discount (as described at “Sale or Other Dispositions” under this caption) or (ii) to elect to include such market discount and income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a Series 2010C Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Series 2010C Bond who acquired a Series 2010C Bond at a market discount also may be required to defer, until the maturity date of such Bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2010C Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner’s gross income for the taxable year with respect to such Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Bond for the days during the taxable year on which the owner held the Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Treasury regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Sales or Other Dispositions

If a Series 2010C Bond is sold, redeemed prior to maturity or otherwise disposed of in a taxable transaction, gain or loss will be recognized in an amount equal to the difference between the amount realized on the sale or other disposition, and the adjusted basis of the transferor in the Bond. The adjusted basis of a

Series 2010C Bond generally will be equal to its costs, increased by any original issue discount or market discount included in the gross income of the transferor with respect to the Bond and reduced by any amortized premium under Section 171 of the Code and by the payments on the Bond (other than payments of qualified stated interest), if any, that have previously been received by the transferor. Except as provided in Section 582(c) of the Code, relating to certain financial institutions, or as discussed in the following paragraph, any such gain or loss will be a capital gain or loss if the Bond to which it is attributable is held as a “capital asset.” Currently, for corporations, capital gains are taxed at the same rate as ordinary income. However, for individuals and certain estates and trusts, the maximum capital gain rate applicable to the sale or exchange of capital assets held for more than one year is 15%. The tax rate for individual holders in the 10% or 15% regular income tax brackets is zero in 2009 through 2010. The tax rates apply for both regular tax and alternative minimum tax and terminate on December 31, 2010. Beginning in 2011, the 15% capital gains rate increases to 20% and the 0% rate increases to 10%.

Gain on the sale or other disposition of a Series 2010C Bond that was acquired at a market discount will be taxable as ordinary income in an amount not exceeding the portion of such discount that accrued during the period that the Bond was held by the transferor (after reduction by any market discount includable in income by such transferor in accordance with the rules described above under “Market Discount”).

Backup Withholding

Payments of principal and interest (including original issue discount) on the Series 2010C Bonds, as well as payments of proceeds from the sale of the Series 2010C Bonds may be subject to the “backup withholding tax” under Section 3406 of the Code at a rate of 28% for tax years through 2010 and a to-be-determined rate for tax years 2011 and thereafter with respect to interest or original issue discount on the Series 2010C Bonds if recipients of such payments (other than foreign investors who have properly provided certifications described below) fail to furnish to the Trustee certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from such tax. Any amounts deducted and withheld from a payment to a recipient would be allowed as a credit against the federal income tax of such recipient.

Foreign Investors

An owner of a Series 2010C Bond that is not a “United States person” (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Series 2010C Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Series 2010C Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term “United States person” means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30% United States withholding tax will apply to interest paid and original issue discount accruing on the Series 2010C Bonds owned by foreign investors. In those instances in which payments of interest on the Series 2010C Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of the Series 2010C Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Series 2010C Bond.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax-qualified retirement plans and individual retirement accounts (“IRA’s”) under the Code and persons who, with respect to any such plan or arrangement, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between such a plan or arrangement and a “party in interest” with respect to ERISA or a “disqualified person” within the meaning of the Code, including the acquisition by one from the other of a Series 2010C Bond, could be viewed as violating those prohibitions. For example, Code Section 4975 prohibits transactions between certain tax-favored vehicles such as IRA’s and disqualified persons, and Code Section 503 includes similar restrictions with respect to governmental and church plans. In this regard, the City or any underwriter of the Series 2010C Bonds might be considered or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code with respect to any plan or arrangement subject to ERISA or Code Sections 4975 or 503, and prohibited transactions may arise if the Series 2010C Bonds are acquired by such plans or arrangements. In all events, fiduciaries of plans or arrangements subject to ERISA or the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series 2010C Bonds.

Treasury Circular 230 Disclosure

Any federal tax advice contained in this Official Statement was written to support the marketing of the Series 2010C Bonds and is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding any penalties that may be imposed under the Code. All taxpayers should seek advice based on such taxpayer’s particular circumstances from an independent tax advisor. This disclosure is provided to comply with Treasury Circular 230.

FINANCIAL STATEMENTS

The City maintains its financial records on the basis of a fiscal year ending April 30. Set forth in **Appendix A** are the financial statements of the City for the fiscal year ended April 30, 2009. Such financial statements have been audited by BKD, LLP, Kansas City, Missouri, independent certified public accountants. The City did not ask BKD, LLP, to perform any additional work or any post-audit procedures more recently than the April 30, 2009 audit with respect thereto.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the owners of the Bonds to send certain financial information and operating data to certain information repositories annually and to provide notice to such information repositories or the Municipal Securities Rulemaking Board of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12, as amended (the “Rule”). See **Appendix E** to this Official Statement for the form of Continuing Disclosure Undertaking.

To the best of its knowledge, the City has never failed to comply in any material respect with any prior undertaking with regard to the Rule to provide annual reports or notices of material events. A failure by the City to comply with such undertaking will not constitute a default on the Bonds (although Bond owners will have any available remedy at law or in equity). Nevertheless, a failure to provide annual reports must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

CERTAIN RELATIONSHIPS

Kutak Rock, LLP serves as co-bond counsel in this transaction and also represents the Underwriters and the City from time to time in other transactions.

Hardwick Law Firm, LLC serves as co-bond counsel in this transaction and also represents the Underwriters and the City from time to time in other transactions.

Bryan Cave LLP serves as counsel to the Underwriters in this transaction. That firm also represents the City from time to time in other transactions.

Gilmore & Bell, P.C. serves as co-disclosure counsel to the City in this transaction. That firm also represents the City and the Underwriters from time to time in other transactions.

The Martinez Law Firm, LLC serves as co-disclosure counsel to the City in this transaction. That firm also represents the City from time to time in other transactions.

UNDERWRITING

The Bonds are being purchased from the City pursuant to the Bond Purchase Agreement between the City and RBC Capital Markets Corporation, on behalf of itself and Stifel, Nicolaus & Company, Incorporated, Harvestons Securities, Inc. and Jackson Securities, as Underwriters.

The Bond Purchase Agreement provides that the Series 2010A Bonds shall be purchased by the Underwriters for a purchase price of \$5,529,075.25 (which is equal to the aggregate principal amount of the Series 2010A Bonds of \$5,615,000.00, plus reoffering premium of \$12,938.00, less original issue discount of \$66,045.05 and less an Underwriters' discount of \$32,817.70).

The Bond Purchase Agreement provides that the Series 2010B Bonds shall be purchased by the Underwriters for a purchase price of \$19,804,616.53 (which is equal to the aggregate principal amount of the Series 2010B Bonds of \$19,880,000.00, plus reoffering premium of \$166,163.30, less original issue discount of \$139,520.65 and less an Underwriters' discount of \$102,026.12).

The Bond Purchase Agreement provides that the Series 2010C Bonds shall be purchased by the Underwriters for a purchase price of \$12,300,990.62 (which is equal to the aggregate principal amount of the Series 2010C Bonds of \$12,360,000.00, less an Underwriters' discount of \$59,009.38).

The Bond Purchase Agreement provides that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The City has agreed in the Bond Purchase Agreement to indemnify the Underwriters for certain liabilities, including certain liabilities under federal and state securities laws, to the extent permitted by applicable law.

CO-FINANCIAL ADVISORS

First Southwest Company and Moody Reid Financial Advisors were retained by the City to act as Co-Financial Advisors in connection with this financing. The fees paid to the Co-Financial Advisors with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Co-Financial Advisors have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the

facts and circumstances of this transaction, but the Co-Financial Advisors do not guarantee the accuracy or completeness of such information. The Co-Financial Advisors will not participate in the underwriting of the Bonds.

BOND RATINGS

S&P, Moody's and Fitch have assigned their long-term municipal bond ratings of "AA-", "A3" and "A+", respectively, to each series of Bonds based on the City's covenant to request an annual appropriation to pay debt service on each series of Bonds.

Such ratings reflect only the views of such rating agencies, and an explanation of the significance of such ratings may be obtained therefrom. There is no assurance that the ratings will remain in effect for any given period of time or that either or both will not be revised, either downward or upward, or withdrawn entirely, by said rating agencies if, in their judgment, circumstances warrant. Any such downward revisions or withdrawal of the ratings may have an adverse affect on the market price of the Bonds.

MISCELLANEOUS

The references herein to the indentures and the Continuing Disclosure Undertaking are brief outlines of certain provisions of such documents and do not purport to be complete. Copies of such documents are on file at the offices of the Underwriters (see the section herein captioned "**INTRODUCTION - Definitions, Summaries of Documents and Additional Information**") and following delivery of each series of Bonds will be on file at the office of the trustee for such series.

Any statements in this Official Statement involving matters of opinion or forecast, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City, the Underwriters and the purchasers or owners of the Bonds.

The agreement of the City with the owners of each series of Bonds is fully set forth in the indenture for such series, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error in printing of such numbers will constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Bonds.

The cover page and the attached Appendices are integral parts of this Official Statement and must be read together with all of the foregoing statements.

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The City has reviewed the information contained herein which relates to it and has approved all such information for use in this Official Statement.

CITY OF KANSAS CITY, MISSOURI

By: /s/Randall J. Landes
Director of Finance

APPENDIX A

FINANCIAL STATEMENTS OF THE CITY OF KANSAS CITY, MISSOURI

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Independent Accountants' Report on Financial Statements and Supplementary Information

The Honorable Mayor and Members
of the City Council
Kansas City, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kansas City, Missouri (the City) as of and for the year ended April 30, 2009 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, except for the Kansas City International Airport – Community Improvement District (KCICID) and the Metropolitan Ambulance Services Trust (MAST). The discretely presented component unit financial statements that we did not audit represent approximately 88% and 94% of the total assets and revenues, respectively, of the aggregate discretely presented component unit opinion unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for all of the aggregate discretely presented component units, except for the KCICID and MAST, is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of KCICID, Maintenance Reserve Corporation, Police Retirement System, and Civilian Employees' Retirement System were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kansas City, Missouri as of April 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, in 2009 the City adopted Governmental Accounting Standards Board Statement No. 50, *Pension Disclosures – An Amendment of GASB Statements No. 25 and No. 27*.

The Honorable Mayor and Members
of the City Council
City of Kansas City, Missouri
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In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis, budgetary comparison schedule, schedules of funding progress, and schedules of condition assessments and maintenance costs as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

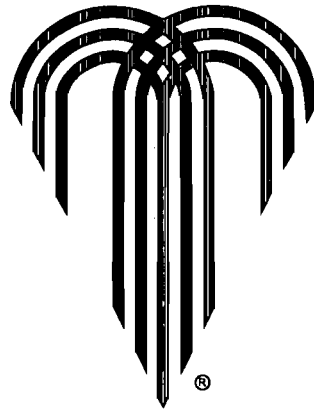
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, supplementary information, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we express no opinion on them.

BKD, LLP

Kansas City, Missouri
October 2, 2009

Management Discussion and Analysis

CITY OF FOUNTAINS
HEART OF THE NATION



KANSAS CITY
MISSOURI

City of Kansas City, Missouri

Management's Discussion and Analysis

April 30, 2009

Management's Discussion and Analysis (MD&A) offers readers a narrative overview and analysis of the financial activities of the City of Kansas City, Missouri (the City) for the fiscal year ended April 30, 2009. Readers are encouraged to consider the information presented here and in the City's financial statements, which follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City (the primary government) exceeded its liabilities at the close of 2009 by \$4.4 billion. Of this amount, \$218.6 million is considered unrestricted. The unrestricted net assets of the City's governmental activities are \$65.8 million and may be used to meet the government's ongoing obligations. The unrestricted net assets of the City's business-type activities are \$152.7 million and may be used to meet the ongoing obligations of the City's water, sewer, and airports business-type activities.
- The City's total net assets increased \$22.8 million in 2009. Net assets of the governmental activities decreased by \$18.6 million, which represents a 0.66% decrease from 2008, and business-type assets increased \$41.4 million, which represents a 2.7% increase from 2008.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$516.8 million. The combined governmental funds fund balance decreased \$131.1 million from the prior year's ending fund balance. Approximately \$347.5 million of the \$516.8 million fund balance is considered unreserved at April 30, 2009.
- The general fund reported a total fund balance of \$21.8 million at the end of the current fiscal year. There was a \$25.8 million decrease in the total fund balance for the year ended April 30, 2009.
- The long-term obligations of the City's governmental activities decreased by \$8.8 million or (0.6%). The long-term obligations of the City's business-type activities increased by \$99.6 million or (12.5%).

Overview of the Financial Statements

The MD&A is an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The report contains other supplementary information in addition to the financial statements.

Government-wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the City's finances.

The statement of net assets presents information concerning the City's assets and liabilities; the difference between the two is reported as net assets. Increases and decreases in net assets serve as an indicator of the City's financial position.

City of Kansas City, Missouri

Management's Discussion and Analysis

April 30, 2009

The statement of activities presents information displaying how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the City principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include general government, public safety (police, fire and municipal court), public works, neighborhood development, health, culture and recreation, convention facilities and economic development. The business-type activities of the City include three enterprise activities: a water system, a sanitary sewer system and aviation.

The government-wide financial statements include not only the City itself (known as the primary government), but include the Port Authority, Land Clearance for Redevelopment Authority, Economic Development Corporation, Economic Development Corporation (EDC)—Charitable Trust, Maintenance Reserve Corporation, Performing Arts Community Improvement District, Tax Increment Financing Commission, American Jazz Museum, Kansas City Board of Police Commissioners, KCI Airport Community Improvement District, Downtown Economic Stimulus Authority of Kansas City, Missouri and Metropolitan Ambulance Service Trust. Financial information for these discretely presented component units is reported separately from the financial information presented for the primary government itself. Complete financial statements of these component units, which include their management's discussion and analysis (MD&A), may be obtained from their respective administration offices.

In addition, the financial statements include the Kansas City Municipal Assistance Corporation (KCMAC) and the Police and Civilian Retirement Systems as blended component units.

The government-wide financial statements can be found on pages A-17 to A-19.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements.

City of Kansas City, Missouri
Management's Discussion and Analysis
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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers will better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and the capital improvements fund, which are considered major funds. Data from the other governmental funds is combined into a single, aggregated presentation.

The governmental funds financial statements can be found on pages A-20 and A-23.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sanitary sewer (including storm water), airport operations and airport special facilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water fund, sewer fund (including storm water and sanitary sewer) and airports fund, which are considered major funds of the City. The nonmajor enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The proprietary fund financial statements can be found on pages A-24 to A-28.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City uses fiduciary funds to account for the retirement plans for regular employees, firefighters, police officers, and civilian employees of the police department, funds held for employee memorials, municipal correctional facility inmate canteen operations, special deposits, municipal court appearance bonds, police department grants, and payroll and insurance benefits.

The fiduciary fund financial statements can be found on pages A-29 and A-30.

City of Kansas City, Missouri
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Discretely Presented Component Units

The discretely presented component unit financial statements provide separate information for the Land Clearance for Redevelopment Authority, Tax Increment Financing Commission and the Police Department. The remaining discretely presented component units are aggregated and presented in a single column.

The discretely presented component unit statements can be found on pages A-31 and A-32.

Notes to the Basic Financial Statements

The notes provide additional information essential to fully understand the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages A-33 to A-130.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary compliance and progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees and condition assessments on infrastructure assets accounted for using the modified approach. Required supplementary information can be found on pages A-131 to A-138.

The City uses the modified approach when accounting for street surfacing, bridges/culverts, and street lighting and uses straight-line depreciation when accounting for curbs, sidewalks, retaining walls, traffic signals, signage, and guard rails. The City began reporting street surfacing, bridges/culverts, and street lighting retroactively with the audit for the period ending April 30, 2003, curbs and sidewalks retroactively with the audit for the period ending April 30, 2006 and traffic signals, guardrails and signage retroactively with the audit for the period ending April 30, 2007. Originally, retaining walls were considered as reportable; however, once the retaining walls were inventoried it was determined that most belong to adjoining property owners. Those that do belong to the City are reported with street surfacing.

Government-wide Financial Analysis

As noted earlier, net assets serve as a useful indicator of the results of the City's operations. The City's (the primary government) assets exceeded liabilities by \$4.4 billion at the close of the most recent fiscal year. At the end of the prior fiscal year, assets exceeded liabilities by \$4.3 billion indicating that the government maintained its financial position during the year. Governmental activities assets (exceeding liabilities) decreased by \$18.6 million (from \$2.81 billion to \$2.79 billion) and business type activities assets (exceeding liabilities) increased by \$41.4 million (from \$1.53 billion to \$1.57 billion).

City of Kansas City, Missouri
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The largest portion of the City's net assets, \$4.0 billion or 92.8%, consists of its investment in capital assets (for example, land, buildings, land improvements, monuments and fountains, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Net Assets
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Current and other assets	\$ 742,923	\$ 881,008	\$ 519,489	\$ 442,252	\$ 1,262,412	\$ 1,323,260
Capital assets	3,762,636	3,646,589	1,991,143	1,925,509	5,753,779	5,572,098
Total assets	<u>4,505,559</u>	<u>4,527,597</u>	<u>2,510,632</u>	<u>2,367,761</u>	<u>7,016,191</u>	<u>6,895,358</u>
Long-term liabilities						
outstanding	1,531,675	1,540,469	898,630	799,007	2,430,305	2,339,476
Other liabilities	183,280	177,919	45,184	43,334	228,464	221,253
Total liabilities	<u>1,714,955</u>	<u>1,718,388</u>	<u>943,814</u>	<u>842,341</u>	<u>2,658,769</u>	<u>2,560,729</u>
Net assets	<u>\$ 2,790,604</u>	<u>\$ 2,809,209</u>	<u>\$ 1,566,818</u>	<u>\$ 1,525,420</u>	<u>\$ 4,357,422</u>	<u>\$ 4,334,629</u>
Investment in capital assets,						
net of related debt	\$ 2,706,518	\$ 2,331,180	\$ 1,338,444	\$ 1,260,120	\$ 4,044,962	\$ 3,591,300
Restricted	18,247	72,318	75,632	96,761	93,879	169,079
Unrestricted	65,839	405,711	152,742	168,539	218,581	574,250
Total net assets	<u>\$ 2,790,604</u>	<u>\$ 2,809,209</u>	<u>\$ 1,566,818</u>	<u>\$ 1,525,420</u>	<u>\$ 4,357,422</u>	<u>\$ 4,334,629</u>

An additional portion of the City's net assets, \$93.9 million or 2.2% represents resources that are subject to external restrictions as to how they may be used. The remaining balance of unrestricted net assets (\$218.6 million) may be used to meet the government's ongoing obligations to citizens and creditors. It is important to note that, although the total unrestricted net assets is \$218.6 million, the unrestricted net assets of the City's business-type activities (\$152.7 million) may not be used to fund governmental activities. Total net assets of the City increased from FY 2008 to FY 2009 by \$22.8 million or 0.53% due to the continued investment in capital assets by the business type activities.

Governmental Activities

The primary government realized \$1.353 billion in revenues and \$1.330 billion in expenses for fiscal year 2009. Governmental activities realized \$1.007 billion in revenues and \$1.025 billion in expenses.

City of Kansas City, Missouri
Management's Discussion and Analysis
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Business-type Activities

Business-type activities had increases in net assets of \$41.4 million, which is a 2.71% increase from prior year. The increase in net assets was attributable in large part to the capital improvement programs of the Water Services Department for improvements and extensions to water and sewer lines.

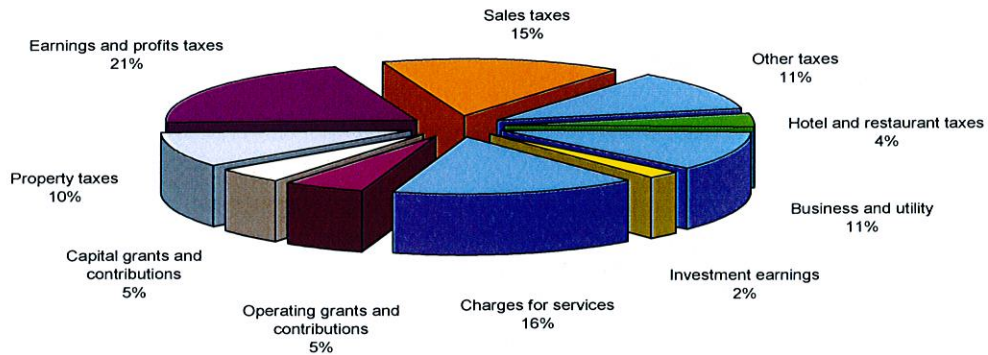
Components of the increase/decrease are as follows:

Changes in Net Assets
(In thousands)

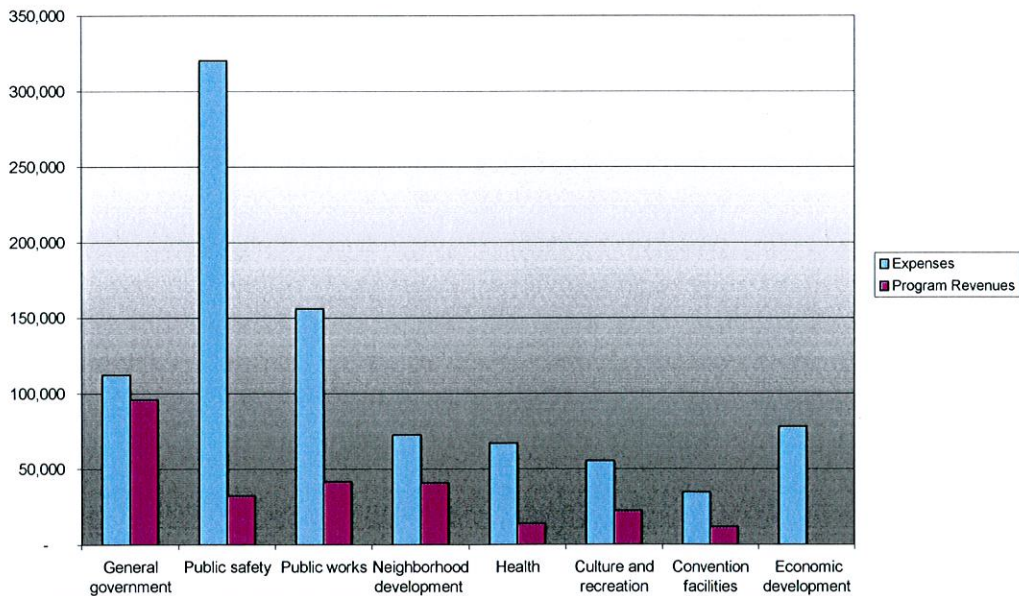
	Governmental Activities		Business-type Activities		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Revenues						
Program Revenues						
Charges for services	\$ 160,542	\$ 233,118	\$ 301,408	\$ 299,850	\$ 461,950	\$ 532,968
Operating grants and contributions	51,774	38,297	291	185	52,065	38,482
Capital grants and contributions	45,627	25,450	32,089	33,753	77,716	59,203
General revenues						
Property taxes	100,597	120,140			100,597	120,140
Earnings and profits taxes	203,985	219,168			203,985	219,168
Sales taxes	154,752	163,913			154,752	163,913
Local option use taxes	29,172	30,534			29,172	30,534
Hotel and restaurant taxes	40,384	38,603			40,384	38,603
Gaming taxes	17,281	17,552			17,281	17,552
Railroad and utility taxes	4,642	79,948			4,642	79,948
Business and utility licenses	112,040	-			112,040	-
Cigarette taxes	1,578	1,529			1,578	1,529
PILOTS and business replacement taxes	62,671	40,801			62,671	40,801
Investment earnings	21,527	37,505	12,832	22,355	34,359	59,860
Total revenues	<u>1,006,572</u>	<u>1,046,558</u>	<u>346,620</u>	<u>356,143</u>	<u>1,353,192</u>	<u>1,402,701</u>
Expenses:						
General government	112,121	132,038			112,121	132,038
Public safety	320,368	290,366			320,368	290,366
Public works	156,039	107,727			156,039	107,727
Neighborhood development	72,612	104,055			72,612	104,055
Health	66,946	67,362			66,946	67,362
Culture and recreation	55,364	59,189			55,364	59,189
Convention facilities	34,595	38,959			34,595	38,959
Economic development	77,902	83,353			77,902	83,353
Unallocated depreciation	1,126	758			1,126	758
Interest on long term debt	79,976	75,249			79,976	75,249
Water			80,181	77,564	80,181	77,564
Sewer			81,810	74,118	81,810	74,118
Aviation			156,652	152,110	156,652	152,110
Airport Special Facility			1,524	1,133	1,524	1,133
Total expenses	<u>977,049</u>	<u>959,056</u>	<u>320,167</u>	<u>304,925</u>	<u>1,297,216</u>	<u>1,263,981</u>
Increase/decrease in net assets before transfers	29,523	87,502	26,453	51,218	55,976	138,720
Intergovernmental transfers	(33,183)	-	-	-	(33,183)	-
Transfers	(14,945)	(29,651)	14,945	29,651	-	-
Increase/decrease in net assets	<u>(18,605)</u>	<u>57,851</u>	<u>41,398</u>	<u>80,869</u>	<u>22,793</u>	<u>138,720</u>
Net assets – beginning of year	2,809,209	2,751,358	1,525,420	1,444,551	4,334,629	4,195,909
Net assets – end of year	<u>\$ 2,790,604</u>	<u>\$ 2,809,209</u>	<u>\$ 1,566,818</u>	<u>\$ 1,525,420</u>	<u>\$ 4,357,422</u>	<u>\$ 4,334,629</u>

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2009

Revenues - Governmental Activities

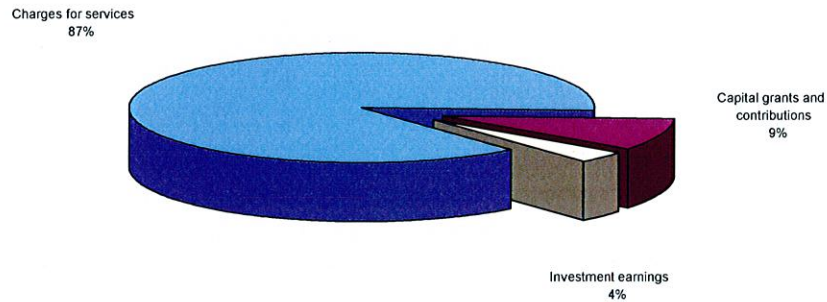


Expenses and Program Revenues - Governmental Activities
(In thousands)

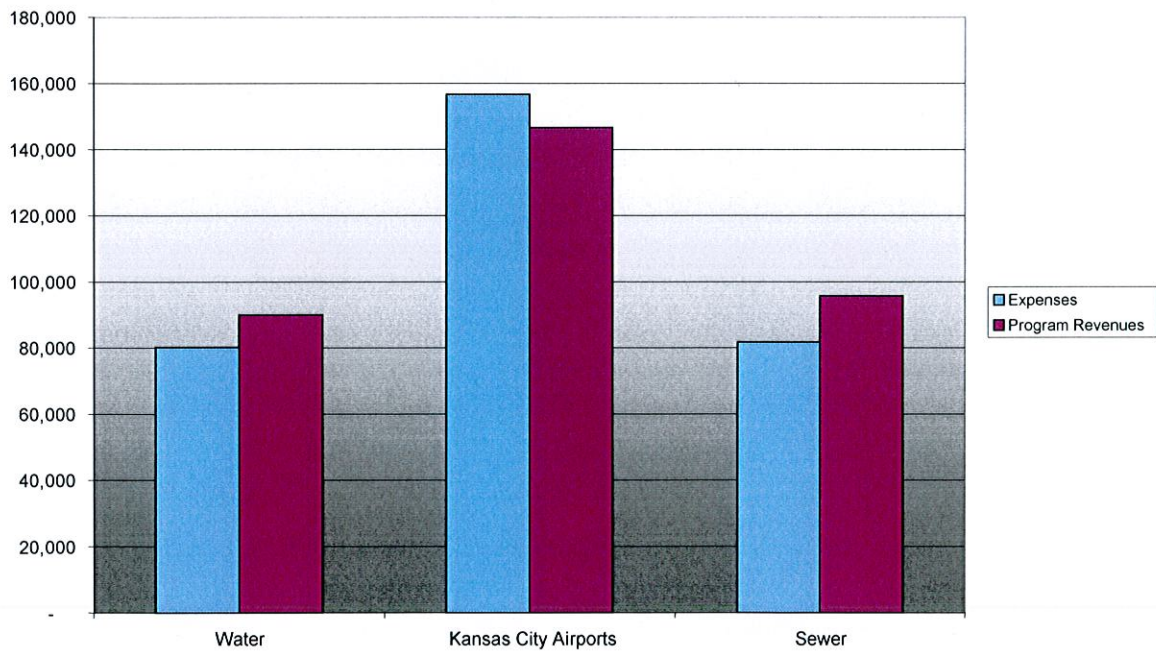


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Revenues - Business-type Activities



Expenses and Program Revenues - Business-type Activities
(In thousands)



City of Kansas City, Missouri
Management's Discussion and Analysis
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Financial Analysis of the Government's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance serves as a measure of a government's net resources available for use.

As of April 30, 2009, the City's governmental funds have combined ending fund balances of \$516.8 million; approximately \$347.5 million of this amount constitutes unreserved fund balance, and is available for spending at the government's discretion, excluding \$122.4 million of reappropriations. The remainder of the fund balance is reserved to indicate it is not available for new spending because it is primarily committed to debt service, contracts and purchase orders of the prior period.

The general fund is the chief operating fund of the City. At April 30, 2009, the unreserved fund balance of the general fund was \$11.6 million including \$1.5 million of reappropriations, while total fund balance was \$21.8 million and expenditures were \$459.6 million. The total fund balance decreased by \$25.8 million during fiscal year 2009. The primary reasons for the decrease were an increase in the amount of funds due to other nonmajor governmental funds for economic activity taxes for tax increment financing projects and amounts needed to cover fund deficits. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 2.5% of the total fund expenditures, while total fund balance represents 4.7% of the same amount.

Major Funds

The capital improvements fund, at April 30, 2009, had an unreserved fund balance of \$132.7 million, while total fund balance was \$203.3 million and expenditures were \$82.0 million. The total fund balance increased by \$1.5 million during fiscal year 2009. A decrease in capital outlay expenditures contributed to the increase in unreserved and total fund balances for fiscal year 2009.

The water fund, sewer fund (including storm water), and the airports funds, all of which are business-type activities, are also major funds. At April 30, 2009, unrestricted net assets of the water fund were \$14.5 million, while total net assets were \$447.7 million. As a measure of the water fund's liquidity, it may be useful to compare unrestricted net assets to total fund operating expenses. Unrestricted net assets represent 19.6% of the total fund operating expenses.

There was \$29.2 million in unrestricted net assets for the sewer fund and total net assets of \$600.6 million. As a measure of the sewer fund's liquidity, it may be useful to compare unrestricted net assets to total fund operating expenses. Unrestricted net assets represent 37.8% of the total fund operating expenses.

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For the airports funds, there was \$94.4 million in unrestricted net assets, with total net assets of \$495.0 million. As a measure of the airports fund's liquidity, it may be useful to compare unrestricted net assets to total fund operating expenses. Unrestricted net assets represent 68.0% of the total fund operating expenses.

General Fund Budgetary Highlights

During fiscal year 2009 there was a \$1.5 million decrease in appropriations for expenditures and transfers out between the original and final amended budget and a \$10.9 million increase in estimated revenues and operating transfers in. The actual expenditures and transfers out were under the final amended budget by \$10.9 million and actual revenues and transfers in were under the final amended budget by \$17.3 million. Individual department variances between actual expenditures and final budget were normal variances in most instances. However, City Planning and Development, Public Works and Operating transfers out to other funds had large variances. The variance for City Planning and Development was due to not spending all available appropriations for Brownfield's assessment and clean up projects. Public Works variance was due to not spending all available appropriations on the following projects and programs; American Royal Drive, street repair at 12th and Wyandotte, salaries at the material lab, apartment rebates for solid waste pick up and salaries for public inspections. Operating transfers out had a variance due to not making the full budgeted transfer to the TIF Special Allocation Fund.

Capital Assets and Debt Administration

Capital Assets

The City uses the modified approach when accounting for street surfacing, bridges/culverts, and street lighting and uses straight-line depreciation when accounting for curbs, sidewalks, retaining walls, traffic signals, signage, guard rails, buildings, improvements, machinery and equipment, land improvements and fountains and monuments. The City's investment in capital assets, net of related debt, for governmental and business-type activities as of April 30, 2009 amounts to \$4.0 billion. This investment in capital assets includes land, buildings, improvements, machinery and equipment, land improvements, monuments/fountains and other works of art, street surfacing, bridges/culverts, curbs, sidewalks, street lighting, traffic signals, signage, retaining walls, and guard rails. The total increase in the City's investment in capital assets for fiscal year 2009 was 12.6% (a 16.1% increase for governmental activities and a 6.2% increase for business-type activities).

Major capital asset events during fiscal year 2009 included the following:

- Investment in capital assets, net of related debt, increased \$453.7 million.

Governmental capital assets, net of depreciation and disposal, increased by \$116.0 million mainly due to: \$5.3 million for vehicle purchases, \$20.2 million spent for the East Village Project, \$8 million for the construction of fire station #35, \$4.5 million for construction of the KC Live entertainment district, \$10 million for construction of a vehicle impound facility, \$8 million for projects at the zoo, \$52 million for the construction of various public works projects, and \$8 million for construction of a downtown sports and entertainment arena.

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- Business type capital asset additions, net of depreciation and disposals, increased by \$65.6 million mainly due to:

\$3.9 million for construction of Aviation assets
 \$31.7 million for water utility lines and improvements
 \$27.2 million for sewer utility lines and improvements
 \$2.9 million for the improvement of the Special Facility Airport Overhaul Base

During fiscal year 2009 the conditions of the City's three networks of infrastructure assets accounted for using the modified approach had the following changes.

The overall condition level of the roadway system went from 85.97 in FY 2008 to 83.80 in FY 2009 on a rating scale of 100 indicating the overall condition maintained a good condition. The City's intent is to obtain an overall rating of not less than 80.

The overall condition level of the bridges went from 76.17 in FY 2008 to 76.56 in FY 2009 on a rating scale of 100 indicating the overall condition maintained a better condition. The City's intent is to obtain an overall rating of not less than 75 with no more than 10% being in substandard condition.

The overall condition level of the street lighting went from 91.30 in FY 2008 to 93.10 in FY 2009 on a rating scale of 100 indicating the overall condition maintained a better condition. The City's intent is to obtain an overall rating of not less than 90 with no more than 10% being below the better condition rating.

During fiscal year 2009, the actual amount of dollars expended to preserve and maintain the roadway system, bridges and street lighting assets were 33.1%, 6.5% and 83.4% of the amount needed respectively.

Capital Assets
(Governmental Net of Depreciation)
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Land	\$ 320,248	\$ 312,398	\$ 50,984	\$ 50,411	\$ 371,232	\$ 362,809
Buildings and improvements	1,064,201	983,822	1,016,837	985,763	2,081,038	1,969,585
Monuments and fountains	117,704	117,622			117,704	117,622
Land improvements	193,849	158,310			193,849	158,310
Machinery and equipment	160,300	159,977	201,301	193,071	361,601	353,048
Infrastructure—modified	2,014,746	1,959,995			2,014,746	1,959,995
Infrastructure—depreciated	126,867	115,992	1,456,200	1,401,794	1,583,067	1,517,786
Accumulated depreciation	(428,835)	(376,829)	(984,356)	(902,356)	(1,413,191)	(1,279,185)
Construction in progress	193,556	215,302	250,177	196,826	443,733	412,128
Total	<u>\$ 3,762,636</u>	<u>\$ 3,646,589</u>	<u>\$ 1,991,143</u>	<u>\$ 1,925,509</u>	<u>\$ 5,753,779</u>	<u>\$ 5,572,098</u>

Additional information on the City's capital assets can be found in Note 6 on pages A-67 through A-71.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2009

Long-term Debt

As of April 30, 2009, the City (the primary government) had total bonded debt outstanding of approximately \$2.3 billion. Of this amount, \$292.1 million was comprised of debt backed by the full faith and credit of the government, with another \$2.0 million of special assessment debt for which the government is liable in the event of default by property owners subject to the assessment. Additionally, the City has outstanding debt of \$1.2 billion of improvement revenue bonds. The remainder of the City's debt represents bonds secured solely by specified revenue sources of the water, sewer, and airport systems totaling approximately \$864.8 million.

Long-term Debt
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Bonded debt outstanding:						
General obligation bonds	\$ 292,065	\$ 308,655	\$ -	\$ -	\$ 292,065	\$ 308,655
Revenue bonds	-	-	864,841	773,725	864,841	773,725
Special assessment debt with government commitment	-	-	-	-	-	-
	2,035	2,670			2,035	2,670
Limited obligation debt	1,169,019	1,164,747	-	-	1,169,019	1,164,747
Total	<u>\$ 1,463,119</u>	<u>\$ 1,476,072</u>	<u>\$ 864,841</u>	<u>\$ 773,725</u>	<u>\$ 2,327,960</u>	<u>\$ 2,249,797</u>

The City's total debt increased by \$78.2 million or 3.5% net of \$766 million in principal payments and refunding bonds, during the fiscal year ending April 30, 2009. The key factors in this increase were the issuance of the following bonds (three refunding bonds are included in this list). Although, they were refunding bonds, the City only recorded the liability of the refunded bonds if it is probable that a shortfall will occur, and the liability amount is equal to the estimated shortfall, not the entire outstanding principal. In fiscal year 2009, the entire par amount of the refunding bonds was recorded as liabilities.

- \$2.0 million MTFC Loan Second Draw
- \$7.5 million City of Kansas City, Missouri Variable Rate Demand Taxable Special Obligation Refunding Bonds (909 Walnut Project)
- \$69.5 million City of Kansas City, Missouri Sanitary Sewer System Revenue Bonds
- \$12.2 million City of Kansas City, Missouri Variable Rate Demand Special Obligation Refunding Bonds (Chouteau Project)
- \$17.4 million City of Kansas City, Missouri Variable Rate Demand Special Obligation Refunding Bonds (President Hotel Project)

City of Kansas City, Missouri

Management's Discussion and Analysis

April 30, 2009

The following refunding bonds were also issued in fiscal year 2009:

- \$221.0 million City of Kansas City, Missouri Special Obligation Refunding Bonds (Downtown Arena)
- \$102.3 million City of Kansas City, Missouri Special Obligation Variable Rate Demand Refund Bonds (Bartle Hall Project)
- \$28.6 million City of Kansas City, Missouri General Improvement Airport Refunding Bonds
- \$198.9 million City of Kansas City, Missouri Water Refunding and Improvement Revenue Bonds
- \$180.6 million Industrial Development Authority of City of Kansas City, Missouri Variable Rate Demand Bonds (Downtown Redevelopment Project)

As of April 30, 2009, the City's general obligation bond credit ratings by Moody's Investor Services, Inc., Standard & Poor's Corporation, and Fitch are "Aa3," "AA," and "AAA," respectively. On June 25, 2009, Fitch Ratings downgraded its rating for the City's general obligation bonds to AA+. Fitch also downgraded the credit ratings for City's appropriation-supported bonds that have underlying rating from Fitch from "AA" to "AA-". The City's other bond ratings are also shown in the following table:

Type of Bonds Issued	Moody's Rating	Standard and Poor's Rating	Fitch's Rating
General obligation bonds	Aa3	AA	AA+
General obligation NID bonds	Aa3	Not rated	Not rated
Water revenue bonds	A1	AA+	Not rated
Sewer revenue bonds	Aa3	AA	Not rated
Airport revenue bonds (senior lien bonds)	A1	A+	A+
Airport revenue bonds (subordinate lien bonds)	A2	A	A
Airport special facility bonds	A2	AA-	AA-
Airport PFC bonds	A3	A	A
Kansas City, Missouri Special Obligation Bonds (Series 2009E)	A2	AA-	AA-

Article VI, Sections 26(b) and (c) of the state constitution permits the City, by a vote of the qualified electors, to incur indebtedness for City purposes in an aggregate amount not to exceed 10% of the assessed value of property within the City. Article VI, Section 26(d) of the state constitution permits the City, by a vote of the qualified electors, to incur indebtedness for the purposes of acquiring right-of-way, construction, extending and improving streets and improving sanitary or storm sewer systems in an aggregate amount not to exceed 10% of the assessed value of property within the City. Article VI, Section 26(e) of the state constitution permits the City, by a vote of the qualified electors, to incur indebtedness for the purposes of purchasing or constructing waterworks, electric or other light plants in an aggregate amount not to exceed 10% of the assessed value of property within the City. The aggregate limit of GO debt is 20%.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2009

The City's constitutional debt limit calculated as of April 30, 2009 is \$1,477,512,800. The City's current legal debt margin is \$1,083,350,975 which takes into account both authorized but unissued bonds totaling \$104,915,000 and outstanding general obligation bonds less debt service fund balance totaling \$289,246,825. Additional information regarding the City's long-term debt can be found in Note 7 on pages A-72 to A-108 of this report.

Economic Factors and Next Year's Budgets and Rates

- Per the Bureau of Labor Statistics, the unemployment rate for the Kansas City metropolitan statistical area at April 30, 2009 was 7.8%, which is 3.3% percentage points higher than the rate one year ago. This compares favorably to the state and national average unemployment rates of 8.1% and 8.9%, respectively. The unemployment rate for Kansas City, Missouri itself was 10.3 percent.
- Inflationary trends in the Kansas City metropolitan statistical area from the first half of 2008 to the first half of 2009 per the Consumer Price Index – all urban consumers (CPI-U) using unadjusted data reflect a 0.9% decrease in the region as compared to national indices of a 0.7% decrease from April, 2008 to April, 2009.

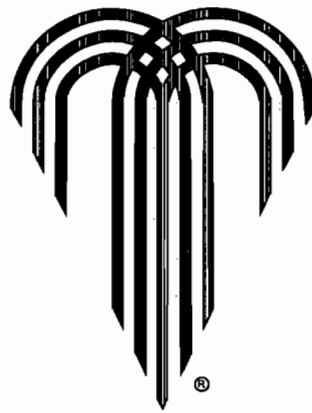
Both of these factors are considered in preparing the City's budget.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Controller's Office, 414 East 12th Street, Suite 302, Kansas City, Missouri 64106.

Basic Financial Statements

CITY OF FOUNTAINS
HEART OF THE NATION



KANSAS CITY
MISSOURI

City of Kansas City, Missouri
Statement of Net Assets
April 30, 2009
(In thousands of dollars)

	Primary Government			
	Governmental	Business-		Component
	Activities	Type	Total	Units
		Activities		
Assets				
Cash and investments	\$ 447,715	\$ 142,370	\$ 590,085	\$ 26,951
Receivables, net				
Taxes	77,685	-	77,685	-
Accounts	1,481	35,911	37,392	4,039
Interest	3,337	1,118	4,455	30
Other	3,557	-	3,557	3,941
Prepaid items	37	1,619	1,656	-
Due from other governments	30,942	3,999	34,941	1,707
Due from primary government	-	-	-	6,295
Due from component units	6,321	39	6,360	-
Inventories	-	3,629	3,629	1,732
Special assessments—net	3,388	48	3,436	-
Bond issue costs—net	12,710	11,080	23,790	3,064
Other assets	-	-	-	1,222
Restricted Assets				
Cash and short-term investments	155,750	308,709	464,459	76,564
Accounts	-	3,029	3,029	8,355
Accrued interest	-	1,221	1,221	-
Due from primary government	-	-	-	40,778
Net long-term lease receivable	-	6,717	6,717	-
Capital assets, nondepreciable	2,528,550	301,161	2,829,711	35,421
Capital assets, depreciable, net	1,234,086	1,689,982	2,924,068	40,788
Total assets	\$ 4,505,559	\$ 2,510,632	\$ 7,016,191	\$ 250,887

City of Kansas City, Missouri
Statement of Net Assets
April 30, 2009
(In thousands of dollars)

	Primary Government			
	Governmental	Business-		Component
	Activities	Type	Total	Units
	Activities	Activities		
Liabilities				
Accounts payable	\$ 53,501	\$ 22,381	\$ 75,882	\$ 4,775
Other accrued items	18,393	5,944	24,337	7,693
Construction contracts and retainages payable	7,679	4,058	11,737	-
Due to other governments	-	-	-	4,639
Internal balances	(182)	182	-	-
Prepaid lease revenue	-	3,801	3,801	-
Due to primary government	-	-	-	6,360
Due to component units	47,073	-	47,073	-
Unearned revenue	19,021	-	19,021	1,277
Accrued interest	31,288	7,516	38,804	1,702
Other liabilities	6,507	1,302	7,809	11,103
Claims payable due within one year	6,255	2,689	8,944	-
Long-term liabilities				
Due within one year	72,256	44,053	116,309	55,686
Demand bonds due within one year	224,038	-	224,038	-
Due in more than one year	1,180,296	834,271	2,014,567	581,260
Claims payable due in more than one year	16,622	8,061	24,683	-
Net pension obligations	6,658	2,602	9,260	24,000
Other post employment benefits	25,550	6,954	32,504	-
Total liabilities	\$ 1,714,955	\$ 943,814	\$ 2,658,769	\$ 698,495
Net Assets				
Investment in capital assets, net of related debt	\$ 2,706,518	\$ 1,338,444	\$ 4,044,962	\$ 51,947
Restricted for				
Liberty Memorial—nonexpendable	15,688	-	15,688	-
Liberty Memorial—expendable	1,422	-	1,422	-
Principal and interest	-	25,497	25,497	113,475
Bond reserves	337	-	337	-
Insurance reserves	800	-	800	-
Deferred maintenance and replacement	-	-	-	2,510
Airline operations and maintenance reserve	-	50,135	50,135	-
Endowment	-	-	-	3,665
Unrestricted (deficit)	65,839	152,742	218,581	(619,205)
	\$ 2,790,604	\$ 1,566,818	\$ 4,357,422	\$ (447,608)

City of Kansas City, Missouri
Statement of Activities
April 30, 2009
(In thousands of dollars)

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total		
Primary Government									
Governmental activities									
General government	\$ 112,121	\$ 68,748	\$ 20,927	\$ 6,077	\$ (16,369)	\$ -	\$ (16,369)	\$ -	
Public safety	320,368	31,032	390	821	(288,125)	-	(288,125)	-	
Public works	156,039	20,435	-	21,080	(114,524)	-	(114,524)	-	
Neighborhood development	72,612	21,835	17,828	1,017	(31,932)	-	(31,932)	-	
Health	66,946	3,181	10,508	37	(53,220)	-	(53,220)	-	
Culture and recreation	55,364	8,407	121	13,762	(33,074)	-	(33,074)	-	
Convention facilities	34,595	6,904	2,000	2,833	(22,858)	-	(22,858)	-	
Economic development	77,902	-	-	-	(77,902)	-	(77,902)	-	
Unallocated depreciation	1,126	-	-	-	(1,126)	-	(1,126)	-	
Interest on long-term debt and amortization of bond issue costs	79,976	-	-	-	(79,976)	-	(79,976)	-	
Total governmental activities	977,049	160,542	51,774	45,627	(719,106)	-	(719,106)	-	
Business-type activities									
Water	80,181	86,356	-	3,523	-	9,698	9,698	-	
Kansas City airports	156,652	128,413	291	17,913	-	(10,035)	(10,035)	-	
Sewer	81,810	84,990	-	10,653	-	13,833	13,833	-	
Nonmajor enterprise funds	1,524	1,649	-	-	-	125	125	-	
Total business-type activities	320,167	301,408	291	32,089	-	13,621	13,621	-	
Total primary government	\$ 1,297,216	\$ 461,950	\$ 52,065	\$ 77,716	\$ (719,106)	\$ 13,621	\$ (705,485)	-	
Total component units	\$ 499,496	\$ 32,384	\$ 216,462	\$ 9,179	-	-	-	\$ (241,471)	
General Revenues									
Taxes									
Property taxes, levied for general purposes					92,053	-	92,053	-	
Property taxes, levied for debt service					8,544	-	8,544	-	
Earnings and profits taxes					203,985	-	203,985	-	
Sales taxes					154,752	-	154,752	746	
Local option use taxes					29,172	-	29,172	-	
Hotel and restaurant taxes					40,384	-	40,384	-	
Gaming taxes					17,281	-	17,281	-	
Railroad and utility taxes					4,642	-	4,642	-	
Cigarette taxes					1,578	-	1,578	-	
PILOTS and business replacement taxes					62,671	-	62,671	-	
Business and utilities licenses					112,040	-	112,040	-	
Investment earnings					21,527	12,832	34,359	1,632	
Miscellaneous—contributions					-	-	-	71	
Tax increment financing					-	-	-	99,764	
Transfers					(14,945)	14,945	-	-	
Intergovernmental transfers					(33,183)	-	(33,183)	33,183	
Total general revenues and transfers					700,501	27,777	728,278	135,396	
Change in net assets					(18,605)	41,398	22,793	(106,075)	
Net Assets, Beginning of Year (as restated)					2,809,209	1,525,420	4,334,629	(341,533)	
Net Assets, Ending of Year					\$ 2,790,604	\$ 1,566,818	\$ 4,357,422	\$ (447,608)	

See Notes to Basic Financial Statements

City of Kansas City, Missouri
Governmental Funds Balance Sheet
April 30, 2009
(In thousands of dollars)

Assets	General	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 85,822	\$ 190,214	\$ 171,679	\$ 447,715
Receivables				
Taxes	52,163	10,432	34,906	97,501
Municipal court	1,975	-	-	1,975
Accounts	476	-	1,050	1,526
Special assessments	4,750	-	7,030	11,780
Interest and dividends	1,122	1,348	861	3,331
Other	1,200	-	1,769	2,969
Allowance for uncollectible receivables	(12,331)	-	(17,276)	(29,607)
Due from other governments	5,933	14,978	10,031	30,942
Due from other funds	884	17,798	60,720	79,402
Due from component units	6,322	-	-	6,322
Restricted assets—cash and short-term investments	801	-	154,949	155,750
Total assets	<u>\$ 149,117</u>	<u>\$ 234,770</u>	<u>\$ 425,719</u>	<u>\$ 809,606</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 16,831	\$ 9,776	\$ 27,294	\$ 53,901
Other accrued items	10,744	82	5,269	16,095
Construction contracts and retainages payable	394	3,053	4,232	7,679
Due to other funds	41,949	4,520	32,751	79,220
Due to fiduciary funds	2,288	-	-	2,288
Due to component units	6,227	-	40,846	47,073
Deferred income	48,736	13,993	17,318	80,047
Other liabilities	185	-	6,322	6,507
Total liabilities	<u>127,354</u>	<u>31,424</u>	<u>134,032</u>	<u>292,810</u>
Fund balances				
Reserved for				
Encumbrances	9,315	70,634	57,984	137,933
Insurance	800	-	-	800
Debt service	-	-	14,889	14,889
Endowment	-	-	15,688	15,688
Unreserved, designated for, reported in reappropriations	1,498	120,923	-	122,421
Unreserved, undesignated, reported in				
General fund	10,150	-	-	10,150
Special revenue funds	-	-	63,959	63,959
Capital project funds	-	11,789	77,922	89,711
Debt service funds	-	-	59,823	59,823
Permanent fund	-	-	1,422	1,422
Total fund balances	<u>21,763</u>	<u>203,346</u>	<u>291,687</u>	<u>516,796</u>
Total liabilities and fund balances	<u>\$ 149,117</u>	<u>\$ 234,770</u>	<u>\$ 425,719</u>	<u>\$ 809,606</u>

City of Kansas City, Missouri
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
April 30, 2009
(In thousands of dollars)

Fund balances—total governmental funds	\$ 516,796
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	4,191,471
Less accumulated depreciation	(428,835)
	<hr/> 3,762,636
Nonfinancial asset held by component unit	
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditure when due	(31,288)
Revenues that are deferred due to the City not receiving cash within 60 days are recognized as revenue in the governmental activities in the statement of net assets	61,426
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	
Bonds and notes payable	(1,463,119)
Pension obligations are not recorded as a liability in the governmental funds	(6,658)
Other post employment benefits are not recorded as a liability in the governmental funds	(25,550)
Compensated absences	(26,493)
Claims payable	(22,878)
Unamortized premium on bond issues	(23,351)
Deferred charges on refunding	27,609
Deferred discount on bond issues	8,764
Bond issue costs, net of related amortization, are not recorded as an asset in the governmental funds	<hr/> 12,710
Net assets of governmental activities	<hr/> <u>\$ 2,790,604</u>

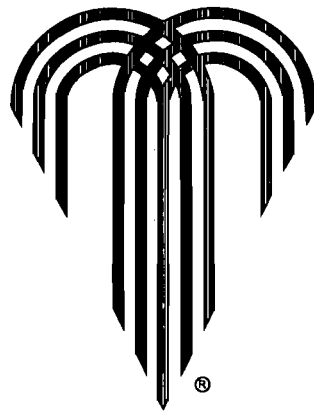
City of Kansas City, Missouri
Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances
April 30, 2009
(In thousands of dollars)

	General	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 277,744	\$ 66,396	\$ 217,796	\$ 561,936
Licenses, permits and franchises	118,833	-	21,089	139,922
Fines and forfeitures	15,983	-	718	16,701
Rents and concessions	1,359	-	13,465	14,824
Investment income and interest	11,656	5,274	4,408	21,338
Charges for services	63,530	-	12,533	76,063
Intergovernmental revenues	6,820	21,279	110,532	138,631
Special assessments	227	-	7,439	7,666
Contributions	105	1,554	15,005	16,664
Other	6,873	849	5,157	12,879
Total revenues	503,130	95,352	408,142	1,006,624
Expenditures				
Current				
General government	92,910	258	29,303	122,471
Fire	83,179	-	14,253	97,432
Public works	29,827	-	35,485	65,312
Neighborhood development	41,864	-	16,184	58,048
Health	300	-	64,924	65,224
Culture and recreation	8,553	-	31,706	40,259
Convention facilities	-	-	14,338	14,338
Nondepartmental	-	-	78,078	78,078
Police	188,488	-	8,802	197,290
Intergovernmental				
KCATA	-	-	48,233	48,233
Debt service				
Principal retirement	3,812	-	45,574	49,386
Interest and fiscal agent fees	620	-	76,273	76,893
Bond issue costs	-	-	3,269	3,269
Capital outlay				
Public works	4,377	61,506	36,710	102,593
Culture and recreation	784	15,936	18,209	34,929
Convention facilities	-	-	1,252	1,252
Neighborhood development	375	4,262	46,268	50,905
Fire	-	-	8,438	8,438
Police	-	-	2,403	2,403
General government	4,533	-	7,195	11,728
Total expenditures	459,622	81,962	586,897	1,128,481
Excess (deficiency) of revenues over expenditures	43,508	13,390	(178,755)	(121,857)
Other Financing Sources (Uses)				
Transfers in	4,114	-	191,080	195,194
Transfers out	(73,446)	(13,872)	(107,876)	(195,194)
Issuance of debt	-	2,000	541,010	543,010
Premium/discount on bond issue	-	-	(5,691)	(5,691)
Payment to refund bond escrow agent	-	-	(513,359)	(513,359)
Intergovernmental transfers	-	-	(33,183)	(33,183)
Other financing sources (uses). net	(69,332)	(11,872)	71,981	(9,223)
Net change in fund balances	(25,824)	1,518	(106,774)	(131,080)
Fund Balances, Beginning of Year	47,587	201,828	398,461	647,876
Fund Balances, End of Year	\$ 21,763	\$ 203,346	\$ 291,687	\$ 516,796

City of Kansas City, Missouri
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
April 30, 2009
(In thousands of dollars)

Net change in fund balances—total governmental funds	\$ (131,080)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which capital outlays exceeded depreciation in the current period:	
Capital outlay	184,215
Depreciation	(62,905)
	<u>121,310</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(12,767)
Change in net pension asset/obligation	1,325
Change in other post employment benefits	(14,525)
Change in claims payable	(1,588)
Bad Debt Expense	5,399
Developer contributions do not provide current financial resources and are not reported as revenues in the funds	9,683
The issuance of long-term debt (for example, bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:	
Bond, capital leases, and loan proceeds, including premium/discount	(536,348)
Repayment of principal (bonds, loans, capitalized lease obligations)	49,462
Defeasance of debt refunding	510,150
Amortization of premium/discount, net	3,539
Interest	(293)
Bond issue costs	3,268
Amortization of bond issue costs	(7,974)
Deferred charge on refunding	7,145
Amortization of deferred charge on refunding	(2,327)
Change in compensated absences	(3,419)
Loss on contingent debt	(4,620)
	<u>18,583</u>
Transfer of capital assets to the proprietary funds are not reported as transfers out by the governmental funds	(14,945)
Change in net assets of governmental activities	<u>\$ (18,605)</u>

CITY OF FOUNTAINS
HEART OF THE NATION



KANSAS CITY
MISSOURI

City of Kansas City, Missouri
Proprietary Funds Statement of Net Assets
April 30, 2009
(In thousands of dollars)

Business-type Activities—Enterprise Funds					
				Nonmajor Enterprise Fund Special Facility Revenue Bond	
Assets	Water	Kansas City Airports	Sewer		Total
Current Assets					
Cash and cash equivalents	\$ 336	\$ 4,866	\$ 631	\$ 297	\$ 6,130
Investments	1,576	11,300	2,963	-	15,839
Receivables					
Accounts	17,486	5,407	19,714	615	43,222
Interest and dividends	51	679	94	294	1,118
Allowance for uncollectible receivables	(4,239)	(453)	(2,936)	-	(7,628)
Notes receivable - current	317	-	-	-	317
Due from other governments	-	3,999	-	-	3,999
Due from other funds	230	-	477	-	707
Due from component units	-	-	-	39	39
Prepaid items	485	723	411	-	1,619
Inventories	2,316	791	522	-	3,629
Restricted assets					
Cash and cash equivalents	2,505	3,889	4,110	1,678	12,182
Investments	26,635	9,511	29,522	4,990	70,658
Accounts receivable	-	3,150	-	-	3,150
Allowance for uncollectible receivables	-	(121)	-	-	(121)
Interest receivable	342	557	322	-	1,221
Total restricted assets	29,482	16,986	33,954	6,668	87,090
Total current assets	48,040	44,298	55,830	7,913	156,081
Noncurrent Assets					
Restricted assets—investments	63,600	70,119	55,361	36,789	225,869
Investments	11,613	85,419	21,845	1,524	120,401
Notes receivable	6,717	-	-	-	6,717
Capital assets, nondepreciable	101,762	81,588	114,945	2,866	301,161
Capital assets, depreciable, net	481,906	594,292	609,308	4,476	1,689,982
Special assessments, net	48	-	-	-	48
Bond issue costs, net	4,419	3,293	2,878	490	11,080
Total noncurrent assets	670,065	834,711	804,337	46,145	2,355,258
Total assets	\$ 718,105	\$ 879,009	\$ 860,167	\$ 54,058	\$ 2,511,339

City of Kansas City, Missouri
Proprietary Funds Statement of Net Assets
April 30, 2009
(In thousands of dollars)

	Business-type Activities—Enterprise Funds				
	Water	Kansas City Airports	Sewer	Nonmajor Enterprise Fund Special Facility Revenue Bond	Total
Liabilities					
Current liabilities					
Accounts payable	\$ 4,517	\$ 14,631	\$ 3,002	\$ 231	\$ 22,381
Compensated absences	719	499	554	—	1,772
Other accrued expense	3,332	305	2,280	27	5,944
Due to other funds	579	—	310	—	889
Prepaid lease revenue	—	3,801	—	—	3,801
Claims payable	1,327	426	936	—	2,689
Liabilities payable from restricted assets					
Matured bonds and coupons	—	299	—	—	299
Accrued interest and fiscal agent fees	1,938	2,410	2,935	233	7,516
Customer deposits and other liabilities	1,003	—	—	—	1,003
Construction contracts and retainages payable	648	3,187	223	—	4,058
Revenue bonds, portion due within one year	11,215	18,940	11,521	605	42,281
Total liabilities payable from restricted assets	14,804	24,836	14,679	838	55,157
Total current liabilities	25,278	44,498	21,761	1,096	92,633
Noncurrent liabilities					
Compensated absences	2,329	1,578	1,724	—	5,631
Pension liability	961	864	777	—	2,602
Claims payable	4,137	1,072	2,852	—	8,061
Unamortized bond premium(discount)	1,758	1,300	2,898	123	6,079
Post retirement liability	2,570	2,308	2,076	—	6,954
Revenue bonds, less current portion	233,385	332,400	227,501	29,275	822,561
Total noncurrent liabilities	245,140	339,522	237,828	29,398	851,888
Total liabilities	270,418	384,020	259,589	30,494	944,521
Net Assets					
Invested in capital assets, net of related debt	428,341	337,911	563,948	8,244	1,338,444
Restricted for					
Principal and interest	4,887	12,497	7,418	695	25,497
Airline operations and maintenance reserve	—	50,135	—	—	50,135
Unrestricted	14,459	94,446	29,212	14,625	152,742
Total net assets	\$ 447,687	\$ 494,989	\$ 600,578	\$ 23,564	\$ 1,566,818

City of Kansas City, Missouri
Proprietary Funds Statement of Revenues, Expenditures
and Changes in Fund Net Assets
Year Ended April 30, 2009
(In thousands of dollars)

	Business-type Activities—Enterprise Funds				
	Water	Kansas City Airports	Sewer	Nonmajor Enterprise Fund Special Facility Revenue Bond	Total
Operating Revenues					
Charges for services	\$ 81,771	\$ 101,216	\$ 79,807	\$ -	\$ 262,794
Rentals and tolls	-	-	-	1,142	1,142
Other	4,360	867	5,074	-	10,301
Total operating revenues	86,131	102,083	84,881	1,142	274,237
Operating Expenses					
Salaries, wages and employee benefits	25,100	30,199	17,741	-	73,040
Supplies and materials	27,286	3,794	19,061	-	50,141
Utilities	5,065	-	-	-	5,065
Contractual services	-	44,689	-	12	44,701
Repairs and maintenance	6,083	-	23,612	-	29,695
Depreciation and amortization	10,271	60,265	16,790	115	87,441
Total operating expenses	73,805	138,947	77,204	127	290,083
Operating income (loss)	12,326	(36,864)	7,677	1,015	(15,846)
Nonoperating Revenues (Expenses)					
Investment income	1,565	7,687	1,927	1,653	12,832
Interest expense and fiscal agent fees	(6,376)	(17,680)	(4,606)	(1,397)	(30,059)
Passenger facility charges	-	20,159	-	-	20,159
Customer facility charges	-	6,171	-	-	6,171
Grants	-	291	-	-	291
Other	225	(25)	109	507	816
Total nonoperating revenues (expenses), net	(4,586)	16,603	(2,570)	763	10,210
Income (loss) before capital contributions and transfers	7,740	(20,261)	5,107	1,778	(5,636)
Capital contributions	3,523	17,913	10,653	-	32,089
Transfers in	-	-	14,945	-	14,945
Transfers out	-	-	-	-	-
Change in net assets	11,263	(2,348)	30,705	1,778	41,398
Net Assets, Beginning of Year	436,424	497,337	569,873	21,786	1,525,420
Net Assets, End of Year	\$ 447,687	\$ 494,989	\$ 600,578	\$ 23,564	\$ 1,566,818

City of Kansas City, Missouri
Proprietary Funds Statement of Cash Flows
Year Ended April 30, 2009
(In thousands of dollars)

	Business-type Activities—Enterprise Funds				
	Water	Kansas City Airports	Sewer	Nonmajor Enterprise Fund Special Facility Revenue Bond	Total
Operating Activities					
Cash received from customers	\$ 86,036	\$ 104,579	\$ 84,457	\$ 1,000	\$ 276,072
Cash paid to suppliers	(32,321)	(47,367)	(34,013)	(12)	(113,713)
Cash paid to employees	(28,462)	(28,403)	(25,624)	-	(82,489)
Net cash provided by operating activities	25,253	28,809	24,820	988	79,870
Financing Activities					
Proceeds from operating grants	-	291	-	-	291
Net cash provided by noncapital financing activities	-	291	-	-	291
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(34,843)	(61,623)	(20,264)	(3,683)	(120,413)
Proceeds from issuance of revenue bonds, net of premium and discount	207,852	29,534	70,078	-	307,464
Capital contribution	-	17,745	-	-	17,745
Principal paid on revenue bond maturities and equipment contracts	(12,530)	(18,395)	(11,171)	(570)	(42,666)
Interest paid on revenue bonds, capital leases and equipment contracts	(8,418)	(17,998)	(5,421)	(1,409)	(33,246)
Refunding of bond principal	(139,895)	(29,495)	-	-	(169,390)
Proceeds from sale of capital assets	-	51	-	-	51
Debt issuance costs	(3,106)	(132)	(544)	-	(3,782)
Proceeds from notes	296	-	-	-	296
CID sales tax	-	-	-	513	513
Passenger facility charges	-	20,159	-	-	20,159
Customer facility charges	-	6,171	-	-	6,171
Net cash provided by (used in) capital and related financing activities	9,356	(53,983)	32,678	(5,149)	(17,098)
Investing Activities					
Purchase of investments	(137,113)	(166,515)	(111,403)	(39,316)	(454,347)
Proceeds from sales and maturities of investments	99,757	176,372	51,746	40,309	368,184
Interest and dividends on investments	1,884	8,176	1,895	1,744	13,699
Cash provided by (used in) investing activities	(35,472)	18,033	(57,762)	2,737	(72,464)
Net increase (decrease) in cash and cash equivalents	(863)	(6,850)	(264)	(1,424)	(9,401)
Cash and Cash Equivalents, Beginning of Year	3,704	15,605	5,005	3,399	27,713
Cash and Cash Equivalents, End of Year	\$ 2,841	\$ 8,755	\$ 4,741	\$ 1,975	\$ 18,312
Components of Cash and Short-term Investments, End of Fiscal Year					
Unrestricted	\$ 336	\$ 4,866	\$ 631	\$ 297	\$ 6,130
Restricted	2,505	3,889	4,110	1,678	12,182
	\$ 2,841	\$ 8,755	\$ 4,741	\$ 1,975	\$ 18,312

City of Kansas City, Missouri
Proprietary Funds Statement of Cash Flows (Continued)
Year Ended April 30, 2009
(In thousands of dollars)

	Business-type Activities—Enterprise Funds				
	Water	Kansas City Airports	Sewer	Nonmajor Enterprise Fund Special Facility Revenue Bond	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 12,326	\$ (36,864)	\$ 7,677	\$ 1,015	\$ (15,846)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation and amortization	10,271	60,265	16,790	115	87,441
Changes in assets and liabilities					
Decrease (increase) in accounts receivables	(637)	2,120	(340)	(142)	1,001
Decrease (increase) in inventories	(162)	29	106	-	(27)
Decrease (increase) in prepaid items	22	448	(16)	-	454
Decrease (increase) in due from other funds	708	-	(86)	-	622
Increase (decrease) in current liabilities, excluding debt obligations	1,207	2,915	(1,332)	-	2,790
Increase in claims payable	217	(6)	404	-	615
Increase in compensated absences	98	-	418	-	516
Increase in other accrued expenses	1,203	(98)	1,199	-	2,304
Total adjustments	12,927	65,673	17,143	(27)	95,716
Net cash provided by operating activities	\$ 25,253	\$ 28,809	\$ 24,820	\$ 988	\$ 79,870
Noncash capital and related financing activities					
Contributions of capital assets	\$ 3,523	\$ -	\$ 25,598	\$ -	\$ 29,121
Increase (decrease) in fair value of investments	(1,894)	141	(2,244)	138	(3,859)

City of Kansas City, Missouri
Fiduciary Funds Statement of Net Assets
April 30, 2009
(In thousands of dollars)

	Pension Trusts	Private Purpose Trusts	Agency Funds
Assets			
Cash and cash equivalents	\$ 32,968	\$ 856	\$ 15,168
Investments			
U.S. government securities	86,847	-	-
Corporate bonds and notes	161,181	-	-
Common and preferred stock	532,619	-	-
Government mortgage-backed securities	38,673	-	-
Asset-backed securities	20,468	-	-
Partnerships	21,390	-	-
Real estate	63,093	-	-
Short-term investment funds	25,031	-	-
Foreign equities	72,210	-	-
Foreign debt obligations	700	-	-
Guaranteed fixed income	3,313	-	-
Collective trusts—equities	276,857	-	-
Collective trusts—fixed income	200,409	-	-
Commodities funds	13,196		
Warrants	1	-	-
Futures contracts and options	(35)	-	-
Indexed notes and bonds	5,605	-	-
Receivables			
Accounts	33	-	7
Interest and dividends	3,415	4	10
Other	8,815	-	(1)
Due from the City	2,288	-	-
Securities lending collateral	140,313	-	-
Office Equip-net of depreciation	5	-	-
Other assets	-	-	1,698
	<hr/>	<hr/>	<hr/>
Total assets	1,709,395	860	16,882
	<hr/>	<hr/>	<hr/>
Liabilities			
Accounts payable	31,215	1	5,218
Due to employees	-	-	54
Securities lending collateral	140,313	-	-
Deposits	-	-	11,610
	<hr/>	<hr/>	<hr/>
Total liabilities	171,528	1	16,882
	<hr/>	<hr/>	<hr/>
Net assets held in trust for pension benefits and other purposes	<u>\$ 1,537,867</u>	<u>\$ 859</u>	<u>\$ -</u>

City of Kansas City, Missouri
Fiduciary Funds Statement of Changes in Net Assets
Year Ended April 30, 2009
(In thousands of dollars)

	Pension Trusts	Private Purpose Trusts
Additions		
City contributions	\$ 51,868	\$ -
Employee contributions	23,115	-
Total contributions	74,983	-
Investment income (expense)		
Investment income	48,044	22
Net depreciation in fair value of investments	(600,105)	-
Investment expense	(7,952)	-
Securities lending income	2,713	-
Securities lending expense	(1,712)	-
Net investment income (loss)	(559,012)	22
Contributions	-	84
Total additions	(484,029)	106
Deductions		
Pension benefits	115,864	-
Employee refunds	4,719	-
Administrative expense	857	-
Nondepartmental	-	66
Total deductions	121,440	66
Net increase (decrease)	(605,469)	40
Net Assets, Beginning of Year	2,143,336	819
Net Assets, End of Year	\$ 1,537,867	\$ 859

City of Kansas City, Missouri
Discretely Presented Component Units Combining Statement of Net Assets
April 30, 2009
(In thousands of dollars)

Assets	Land Clearance for Redevelopment Authority	Tax Increment Financing Commission	Police Department	Other	Total
Cash and short-term investments	\$ 144	\$ 770	\$ 10,973	\$ 15,064	\$ 26,951
Receivables					
Accounts	88	-	553	6,870	7,511
Notes	2,378	-	-	1,409	3,787
Interest	-	-	3	27	30
Other	2	-	5	147	154
Allowance for uncollectible receivables	-	-	-	(3,472)	(3,472)
Due from other governments	-	-	1,707	-	1,707
Due from primary government	-	-	6,295	-	6,295
Due from component units	-	-	-	-	-
Inventories	-	-	1,695	37	1,732
Restricted assets					
Cash and short-term investments	-	68,336	1,322	6,906	76,564
Due from primary government	-	40,778	-	-	40,778
Receivables	-	8,355	-	-	8,355
Capital assets, nondepreciable	1,900	-	-	18,415	20,315
Capital assets, depreciable, net	2,609	-	17,413	20,766	40,788
Assets held for redevelopment	760	14,346	-	-	15,106
Bond issue costs, net	-	3,064	-	-	3,064
Net pension asset	-	-	-	-	-
Other assets	-	-	-	1,222	1,222
Total assets	7,881	135,649	39,966	67,391	250,887
Liabilities					
Accounts payable	86	403	2,748	1,538	4,775
Interest payable	-	1,632	-	70	1,702
Compensated absences—current	-	-	8,266	-	8,266
Current maturities of debt	-	46,725	-	695	47,420
Other accrued expense	-	-	5,701	1,992	7,693
Due to taxing districts	-	4,639	-	-	4,639
Due to primary government	2,377	-	1,000	2,983	6,360
Due to component units	-	-	-	-	-
Compensated absences—noncurrent	-	-	26,921	-	26,921
Deferred income	4	-	771	502	1,277
Net pension obligation	-	-	24,000	-	24,000
Long-term debt	-	550,954	-	3,385	554,339
Net OPEB obligation	-	-	-	-	-
Other liabilities	-	639	4,419	6,045	11,103
Total liabilities	2,467	604,992	73,826	17,210	698,495
Net Assets (Deficit)					
Net assets (deficit)					
Invested in capital assets, net of related debt	4,509	-	17,413	30,025	51,947
Restricted for					
Debt service	-	110,056	-	3,419	113,475
Special programs	-	-	3,121	544	3,665
Law Enforcement Retirement System	-	-	-	-	-
Revolving capital account	-	-	-	2,510	2,510
Unrestricted	905	(579,399)	(54,394)	13,683	(619,205)
Total net assets (deficit)	\$ 5,414	\$ (469,343)	\$ (33,860)	\$ 50,181	\$ (447,608)

City of Kansas City, Missouri
Discretely Presented Component Units Combining Statement of Activities
Year Ended April 30, 2009
(In thousands of dollars)

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Land Clearance for Redevelopment Authority	Tax Increment Financing Commission	Police Department	Other	Total
Land Clearance for Redevelopment Authority	\$ 3,376	\$ 252	\$ 2,767	\$ 66	\$ (291)	\$ -	\$ -	\$ -	\$ (291)
Tax Increment Financing Commission	243,787	258	-	5,673	-	(237,856)	-	-	(237,856)
Police Department	211,328	4,027	199,245	956	-	-	(7,100)	-	(7,100)
Other	41,005	27,847	14,450	2,484	-	-	-	3,776	3,776
Total	\$ 499,496	\$ 32,384	\$ 216,462	\$ 9,179	(291)	(237,856)	(7,100)	3,776	(241,471)
General revenues									
Sales tax					-	-	-	746	746
Investment earnings					4	1,163	138	327	1,632
Miscellaneous—contributions					18	-	-	53	71
Net refunding bond proceeds					-	33,183	-	-	33,183
Tax increment financing					-	99,764	-	-	99,764
Total general revenues					22	134,110	138	1,126	135,396
Change in net assets					(269)	(103,746)	(6,962)	4,902	(106,075)
Net assets—beginning, as restated					5,683	(365,597)	(26,898)	45,279	(341,533)
Net assets—ending					\$ 5,414	\$ (469,343)	\$ (33,860)	\$ 50,181	\$ (447,608)

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

Note 1: Nature of Operations and Summary of Significant Accounting Policies

The City of Kansas City, Missouri (the City) was incorporated in 1850 and covers an area of approximately 318 square miles in Jackson, Clay, Platte and Cass counties in Missouri. The City is a charter city and utilizes a council/manager form of government. The City provides services to its residents in many areas, including public safety, water and sewer services, community environment and development, recreation and various social services.

The accounting and reporting policies of the City conform to U.S. generally accepted accounting principles (GAAP) applicable to local governments. The following is a summary of the more significant accounting policies and practices of the City.

Financial Reporting Entity

The accompanying financial statements present the City's primary government and component units over which the City is financially accountable. Financial accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Component units are reported in the City's financial statements as follows:

Blended Component Units

The following legally separate entities are component units that are, in substance, a part of the City's general operations.

Kansas City Municipal Assistance Corporation (KCMAC) is governed by a seven-member board appointed by the city manager. Although it is legally separate from the City, KCMAC is reported as if it were part of the primary government because its sole function is the financing of municipal projects for the City. The activities of KCMAC are included in the accompanying financial statements as part of the nonmajor governmental funds. KCMAC does not have separately issued financial statements.

The *Police Retirement System* and the *Civilian Employees' Retirement System* are governed by a single seven-member board, as defined by the state statutes. The City is not legally responsible to pay the pension contribution for the two police pension plans directly to the pension systems, but provides funding on behalf of the Board of Police Commissioners. The funding requirement is separate and apart from the funding requirement of the Board of Police Commissioners. These retirement systems are reported as if they are a part of the City because their sole function is to administer police benefit programs the City is required to provide for. The activities of the retirement systems are included in the accompanying financial statements as pension trust funds.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Discretely Presented Component Units

The component units' column in the financial statements includes the financial data of the City's other component units. They are reported in a separate column to emphasize they are legally separate from the City.

1. Land Clearance for Redevelopment Authority (LCRA) eliminates blight within the City limits by acquiring and preparing land for redevelopment. The mayor appoints all five members of the board of commissioners. LCRA annually receives a significant amount of revenues from the City. The complete financial statements may be obtained by writing to LCRA at 100 Walnut St., Suite 1700, Kansas City, Missouri 64106 or by calling 816.221.0636.
2. Tax Increment Financing (TIF) Commission uses tax increment financing as a method to finance redevelopment project expenses through payments in lieu of taxes and economic activity taxes. The mayor appoints all six members of the TIF board of commissioners. The complete financial statements may be obtained by writing to TIF at 100 Walnut St., Suite 1700, Kansas City, Missouri 64106 or by calling 816.221.0636.
3. The Kansas City Board of Police Commissioners (Police Department) provides police services for the City and is governed by a five-member board. The mayor is a member, with the four remaining members appointed by the governor of Missouri. Under state statutes, the City must provide funding to the board amounting to at least 20% of the City's general revenues. Further, the board cannot levy taxes or issue bonded debt, powers that are held by the City, to the benefit of the board. As a result of the board's fiscal dependency upon the City, the City is financially accountable for the board. The complete financial statements may be obtained by writing to The Kansas City Board of Police Commissioners at 1125 Locust, Kansas City, Missouri 64106 or by calling 816.234.5354.
4. Economic Development Corporation (EDC) is a business and economic development organization. City officials constitute 15 of the 43 members of the EDC board of directors. The City is financially accountable for EDC. The City provides EDC's major source of revenue and approves its budget annually. The complete financial statements may be obtained by writing to EDC at 100 Walnut St., Suite 1700, Kansas City, Missouri 64106 or by calling 816.221.0636.
5. EDC—Charitable Trust merges public and private funds and development incentives to acquire, construct, maintain and operate redevelopment projects. EDC-Charitable Trust has a five-member board of directors consisting of four Economic Development Corporation (EDC) board members, including a city council member and the president of EDC. The City has provided significant funding, by use of federal grants, to EDC-Charitable Trust, which reflects EDC-Charitable Trust's dependence on the City. The complete financial statements may be obtained by writing to EDC-Charitable Trust at 100 Walnut St., Suite 1700, Kansas City, Missouri 64106 or by calling 816.221.0636.

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

6. Port Authority of Kansas City, Missouri (Port Authority) is responsible for the planning and development of the Missouri River within the City's corporate limits. The mayor appoints all seven members of the board of commissioners. The City is able to impose its will on the Port Authority. The complete financial statements may be obtained by writing to the Port Authority at 100 Walnut St., Suite 1700, Kansas City, Missouri 64106 or by calling 816.221.0636.
7. Maintenance Reserve Corporation (MRC) administers a home maintenance program provided to certain homeowners participating in loan programs formerly administered for the City by the Housing and Economic Development Financial Corporation. MRC is governed by a four-member board of directors appointed by the city manager. Funding of MRC's activities is provided primarily by federal grants obtained by the City. The complete financial statements may be obtained by writing to MRC at 600 Broadway, Kansas City, Missouri 64106 or by calling 816.472.2921.
8. Downtown Economic Stimulus Authority of Kansas City, Missouri (DESA) reviews development projects vying to use the state revenues authorized by the Missouri DESA and makes formal recommendations to the City Council and the Missouri Development Finance Board. The mayor appoints 12 of the 13 members of the board of commissioners. The City is able to impose its will on the DESA. The complete financial statements may be obtained by writing to the Downtown Economic Stimulus Authority at 100 Walnut St., Suite 1700, Kansas City, Missouri 64106 or by calling 816.221.0636.
9. Kansas City International Airport—Community Improvement District (KCICID) provides a financial benefit to the City by collecting sales and use taxes to address economic, social and infrastructure needs within the district as well as providing management, operational and ownership duties for all real and personal property either owned, leased to, or from the KCICID. The mayor appoints all five members of the KCICID board of directors. The complete financial statements may be obtained by writing to the Kansas City, Missouri International Airport at 601 Brasilia Ave., Kansas City, Missouri 64153 or by calling 816.243.3000
10. Performing Arts Community Improvement District provides a financial benefit to the City by collecting sales taxes and fees, rents and other charges within the district for the purpose of funding the expansion and improvements of the downtown Kansas City, Missouri area surrounding Bartle Hall and the Performing Arts Center. The mayor appoints all eight members of the board of directors. The complete financial statements may be obtained by writing to the City of Kansas City, Missouri, Finance Department at 414 E. 12th St., Suite 302, Kansas City, Missouri 64106 or by calling 816.513.1187.
11. The American Jazz Museum (AJM) is responsible for overseeing the construction/renovation and maintenance of the Jazz Hall of Fame, the GEM Theatre, the Negro Baseball Hall of Fame (the Cultural Facility) and the Museum. The City appoints a voting majority of the governing body and can impose its will upon AJM. The complete financial statements may be obtained by writing the AJM at 1616 East 18th Street, Kansas City, Missouri 64108 or by calling 816.474.8463.

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

12. Metropolitan Ambulance Service Trust (MAST) provides municipal ambulance services. The mayor appoints all seven members of the MAST board of trustees. The City annually provides significant operating subsidies to MAST. The complete financial statements may be obtained by writing to MAST at 6750 Eastwood Trafficway, Kansas City, Missouri 64129 or by calling 816.924.1700.

Basis of Presentation

Government-wide Financial Statements

The government-wide statement of net assets and statement of activities report the overall financial activity of the City and its component units, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the City. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the government-wide, business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary and fiduciary—are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund

The general fund is the main operating fund of the City and accounts for all financial transactions not accounted for in other funds. The general operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are financed through revenues received by the general fund.

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

Capital Improvements Fund

The capital improvements fund is used to account for the financing of capital improvement projects not financed by other funds or by long-term debt. Revenues received by this fund come primarily from a sales tax allocation for capital improvements and from federal and state grants and other contributions.

The City reports the following major enterprise funds:

Water Fund

The water fund accounts for activities of the City's water distribution system. Revenues are derived mainly from water service and installation charges.

Kansas City Airports Fund

The Kansas City airports fund accounts for the operations of the City's two airports: Kansas City International Airport (KCI) and the Charles B. Wheeler Downtown Airport. Revenues are derived principally from hangar and terminal building rental, landing fees and parking.

Sewer Fund

The sewer fund accounts for the activities of the wastewater collection and treatment system. Revenues are derived primarily from sewer users' service charges and fees.

The City reports the following additional fund types:

Enterprise Funds

This fund accounts for the proceeds from a special facility bond issue and the related lease agreement for the aircraft maintenance and overhaul base located at the Kansas City International Airport.

Pension Trust Funds

These funds account for moneys held in trust by the City for pension benefits. The City uses pension trust funds to account for the retirement plans for regular employees, firefighters, police officers and civilian employees of the Police Department.

Private Purpose Trust Funds

These funds account for moneys held in trust by the City, other than those reported in pension trust funds, under which principal and income benefit individuals, private organizations, or other governments. The City uses private purpose trusts to account for funds held for employee memorials, municipal correctional facility inmate canteen operations and various donations provided to the City by citizens and other parties.

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

Agency Funds

These funds account for moneys held on behalf of others as their agent. The City uses agency funds to account for various special deposits, municipal court appearance bonds, Police Department grants, payroll and insurance benefits and other various deposits.

Permanent Fund

This fund accounts for moneys held by the City for future preservation of the Liberty Memorial and its museum. The primary source of revenue was the tax collections in excess of \$30,000,000 of the one half percent sales tax that was in effect from May, 1999 until September, 2000 and the interest earnings on these collections.

Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, income taxes, sales taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the period for which the levy is intended to finance. For example, the calendar 2008 levy is recognized as revenue for the year ended April 30, 2009. Revenues from assessed taxes, principally income, sales and utility franchise taxes, are recognized in the fiscal year in which the underlying exchange transaction occurs. Revenue from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

City of Kansas City, Missouri

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Significant revenue sources that are susceptible to accrual include property taxes, sales taxes, utility franchise taxes, income taxes, special assessments, interest and certain state and federal grants and entitlements. All other revenue sources, including licenses and permits, fines and forfeitures and miscellaneous revenues, are considered to be measurable and available only when cash is received.

Enterprise fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with ongoing operations. Operating revenue includes activities that have characteristics of exchange transactions, including charges for services. Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as grants, subsidies and investment income. Operating expenses include the cost of service, payroll, administrative expenses, contractual services and depreciation. All expenses not meeting the above criteria are classified as nonoperating.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with, or contradict guidance of, the Governmental Accounting Standards Board (GASB). The City also has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Adoption of New Accounting Pronouncements

Effective May 1, 2008, the City adopted GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The City has determined that the adoption of this statement has no material effect on its financial statements.

Effective May 1, 2008, the City adopted GASB Statement No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from date of acquisition.

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

Investments

All investments are reported at fair value. The fair value of marketable securities is based on quotations that are generally obtained from national securities exchanges. Where marketable securities are not listed on an exchange, quotations are obtained from brokerage firms or national pricing services.

Inventories

Inventories are stated at cost (average or first-in, first-out), which is not in excess of market. Inventories consist primarily of materials and supplies held for consumption. The cost is recorded as an expense at the time individual inventory items are used in the proprietary funds. Governmental funds record an expenditure at the time of the purchase of the inventory item. The balance of inventory items in the governmental funds is not considered significant.

Capital Assets

Capital assets include land, buildings, improvements, equipment and infrastructure assets (for example, roads, bridges, storm sewers and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the City as assets with a cost greater than a certain minimum capitalization threshold and an estimated useful life of more than one year. The minimum capitalization thresholds are \$5,000 for land, equipment, vehicles, buildings, infrastructure and monuments, \$25,000 for land improvements and \$100,000 for building improvements. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The City elected the modified approach for certain infrastructure assets (roadway system, bridges and street lighting) while the remaining infrastructure assets are depreciated.

The modified approach for reporting infrastructure assets takes into consideration the fact that many infrastructure assets may reasonably be expected to continue to function indefinitely if they are adequately preserved and maintained. Therefore, these particular assets would not be depreciated over a useful life. The City has established an asset management system and has committed to maintain the following networks of infrastructure assets at a predetermined condition level as determined by the City's Public Works Department; (1) roadway system, (2) bridges and (3) street lighting. The Required Supplementary Information section of this report provides additional information regarding the condition assessments and the estimated and actual costs to maintain the assets.

City of Kansas City, Missouri

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Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities and proprietary funds is included as part of the capitalized value of the assets constructed. Interest capitalized is computed by applying the effective interest rate on the borrowings each year to the average balance of the applicable costs incurred, net of investment income. Interest in the amount of \$2,627,159 was capitalized in 2009.

Property, buildings, equipment and infrastructure are depreciated using the straight-line method over the following estimated lives:

Primary Government	Years
Buildings and improvements	25 to 100
Improvements other than buildings	10 to 100
Airport runways, aprons and roads	15
Utility lines and improvements	75 to 100
Machinery and equipment	2 to 20
Infrastructure	10 to 30
Water utility plant	50 to 100
Fountains, sculptures and monuments	40

Water utility plants and utility lines and improvements are depreciated on a composite basis over 50 to 100 years. Machinery and equipment are depreciated on a unit basis over 2 to 20 years. At the time of retirement or other disposition of assets for which depreciation is computed on the composite method, the original cost of the assets is removed from the asset and accumulated depreciation accounts and no retirement gain or loss is recorded. For retirements of assets for which depreciation is computed on the unit method, the asset and related depreciation are removed from the asset and accumulated depreciation accounts. When the asset is sold, the difference between the net carrying value and any proceeds is recorded as income or loss.

Compensated Absences

City employees are granted vacation and sick leave in varying amounts. Vacation is accumulated at an annual rate of 10 to 20 days, depending on the employee's length of service. Sick leave is accumulated at the rate of 3.7 hours per two-week pay period, with the exception of firefighters, who accumulate 5.5 hours. The maximum amount of vacation that may be carried forward is 2.5 times the amount earned in a year, which is accrued in the respective funds. Sick leave with pay may be accumulated up to a limit of 3,000 hours. Upon separation from service, employees may convert accrued sick leave at the ratio of four hours of sick leave to one hour of vacation leave credit. Retiring employees 55 years or older with at least 25 years of creditable service; employees who are to receive a line-of-duty disability pension; and employees who qualify for a City pension and retire with a normal retirement, take early retirement at age 60 or thereafter, or die are entitled to sick leave credit at the rate of two hours of sick leave to one hour of vacation leave credit.

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

The liability for compensated absences reported in the government-wide and proprietary fund has been calculated using the vesting method in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported in the statements of net assets as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Gains/losses on refunding bonds are deferred and amortized over the shorter of the new bond's life or the remaining life of the refunded bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Gains/losses on refunding bonds are not broken out separately within the other financing sources/uses section.

Contingency Liabilities

Certain debt issuances of entities other than the City to fund tax increment financing projects include a commitment by the City to fund any deficit in principal and interest payments.

The City's annual appropriation pledge is used to backstop shortfalls resulting from insufficient revenues that are pledged to annual debt service payments on certain economic development debt issuances (e.g. TIF, MDFB). The City monitors the probability of having to make a payment on these debt issuances. Projected revenues are compared to projected debt service for the remaining life of the obligation. Revenue projections used in the analysis are those that were provided with the approved economic development project. Revenue projections are adjusted as projects mature and historical trends are revealed. Debt service projections are adjusted for variable rate demand obligations. If it is probable that the City will have to fund a deficit the City records a liability for this deficit.

Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes. Encumbrances outstanding at year-end are reported as reservations of fund balances because they do not constitute expenditures or liabilities. Such encumbrances serve as authorizations for expenditures in future years. Designation of fund balances represents tentative plans for future use of financial resources that are subject to change.

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

- *Invested in Capital Assets, Net of Related Debt*—This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted*—This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is generally the City's policy to use restricted resources first, then unrestricted resources as they are needed.
- *Unrestricted*—This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Interfund Transactions

Transactions between City funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to City government.

Reimbursements for expenditures made on behalf of another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transfers of resources from a fund receiving revenues to a fund through which the revenues are to be expended are separately reported as a transfer in the respective funds' operating statements.

Special Assessments

The City acts as an agent on certain construction projects financed by third-party lenders and repaid by assessments to property owners benefited. The City reports these arrangements in the agency funds, special revenue funds and enterprise funds as special assessments receivable and deposits.

Contributions and Grants

Governmental-wide Financial Statements—Contributions and grants for both capital and operating purposes are broken out by function under program revenues.

Governmental Funds—Contributions and grants for both capital and operating purposes are included in revenues.

Proprietary Funds—Contributions of, or for, capital assets (including those received from other City funds), grants and assistance received from other governmental units for the acquisition of capital assets are reported in changes in net assets.

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements Not Adopted

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* (GASB Statement No. 51). This statement establishes accounting and financial reporting requirements for intangible assets, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The City will implement GASB Statement No. 51 beginning with the year ended April 30, 2011.

In November 2007, the GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments* (GASB Statement No. 52). This statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. The City will implement GASB Statement No. 52 beginning with the year ended April 30, 2010.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB Statement No. 53). This statement is intended to improve how state and local governments report information about derivative instruments (financial arrangements used by governments to manage specific risks or make investments) in their financial statements. The statement specifically requires governments to measure most derivative instruments at fair value in their financial statements. The guidance in this statement also addresses hedge accounting requirements and is effective for the City for the year ending April 30, 2011.

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Statement No. 54). The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The City will implement GASB Statement No. 54 beginning with the year ended April 30, 2012.

The City has not completed its assessment of the impact of the adoption of these statements.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Note 2: Deposits and Investments

Primary Government

Deposits

The City maintains a cash and investment pool that is available for use by all funds. The pool is comprised of demand and time deposits, repurchase agreements and other investments with maturities of less than five years. At April 30, 2009, the carrying amount (book value) of the City's deposits, including certificates of deposit and the collateralized money market account was approximately \$54,916,000, which was covered by federal depository insurance or by collateral held by the City's agents under joint custody agreements in accordance with the City's administrative code. A difference exists between book and bank balances of approximately \$9,213,000 due to deposits in transit and other reconciling items.

Investments – Pooled and Non-Pooled

The City is empowered by City Charter to invest in the following types of securities:

1. United States Treasury Securities (Bills, Notes, Bonds and Strips). The City may invest in obligations of the United States government for which the full faith and credit of the United States are pledged for the payment of principal and interest.
2. United States Agency/GSE Securities. The City of Kansas City, Missouri may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:
 - a. U.S. Government Agency Coupon and Zero Coupon Securities.
 - b. U.S. Government Agency Callable Securities. Restricted to securities callable at par only.
 - c. U.S. Government Agency Step-Up Securities. The coupon rate is fixed for an initial term. At coupon date, the coupon rate rises to a new, higher fixed interest rate.
 - d. U.S. Government Agency Floating Rate Securities. Restricted to coupons with no interim caps that reset at least quarterly and that float on only one index.
 - e. U.S. Government Agency Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than four (4) years when analyzed in a +300 basis point interest rate environment. Restricted to obligations of FNMA, FHLB, FHLMC and GNMA.
3. Repurchase Agreements. The City may invest in contractual agreements between the City and commercial banks or primary government securities dealers. The Bond Market Association's guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions. All repurchase agreement transactions will be either physical delivery or tri-party.

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

4. Bankers' Acceptances. The City may invest in bankers' acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation.
5. Commercial Paper. The City may invest in commercial paper issued by domestic corporations, which has received the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars (\$500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized rating agency at the time of purchase. In addition, the City's portfolio may not contain commercial paper of any one corporation, the total value of which exceeds 2% of the City's aggregate investment portfolio.
6. Any full faith and credit obligations of the State of Missouri rated at least A or A2 by Standard and Poor's or Moody's.
7. Any full faith and credit obligations of any county in which the city is located rated at least AA or Aa2 by Standard and Poor's or Moody's.
8. Any full faith and credit obligations of any school district in Kansas City, Missouri rated at least AA or Aa2 by Standard and Poor's or Moody's.
9. Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least AA or Aa2 by Standard and Poor's or Moody's.
10. Any municipal obligation as defined in (6), (7), (8) or (9) that is not rated but either pre-refunded or escrowed to maturity with U.S. Treasury Securities as to both principal and interest.

City of Kansas City, Missouri

Notes to Basic Financial Statements

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Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the final maturity on any security owned to a maximum of five years. In addition, the City compares the weighted average maturity of its portfolio to the weighted average maturity of the Merrill Lynch 1-3 year Government/Agency index and relative to the index, may decrease the weighted average maturity of the portfolio during periods of rising interest rates or increase it during periods of declining rates. As of April 30, 2009, the City had the following investments and maturities (*amounts are in thousands*):

Investment Type	Fair Value	Investment Maturities (In Years)				Weighted Average
		Less Than 1	1 – 2	2 – 3	3 – 5	
Pooled Investments						
US Treasury Notes/Bonds	\$ 136,829	\$ 108,059	\$ 28,770			0.82
US agencies – noncallable	301,594	71,403	104,267	\$ 97,803	\$ 28,121	1.77
US agencies – callable	186,573	114,389	31,217		40,967	1.55
Mortgage-backed agency	66,019	29,269	14,496	9,913	12,341	1.53
Total Pooled Investments	691,015	323,120	178,750	107,716	81,429	1.50
Non-Pooled Investments						
US agencies – noncallable	108,919	42,019	41,622	14,434	10,844	1.40
US agencies – callable	52,231	29,247	7,853	2,206	12,925	1.88
Total Non-Pooled Investments	161,150	71,266	49,475	16,640	23,769	1.55
Total Investments	\$ 852,165	\$ 394,386	\$ 228,225	\$ 124,356	\$ 105,198	1.51

Callable Agency Securities. The City actively monitors its callable bond portfolio with respect to probability of call relative to market rates of interest. As of April 30, 2009, the total fair value of the City's callable bond portfolio (pooled and restricted) is \$238,804,679.

Mortgage-Backed Securities. The City has invested in collateralized mortgage obligation securities issued by the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA) and the Federal Home Loan Banks (FHLB). Details of those securities are as follows:

FHR 3149 QD, \$10,000,000 original par value. The security has a fixed coupon rate of 5.00% and pays principal and interest monthly. The security was purchased on January 5, 2007 and although has a stated final maturity of September 15, 2025, the security is one of the first five tranches to begin receiving principal payments. Based on current prepayment speeds using industry-standard modeling, the City's principal amount should be fully retired in May 2010. At April 30, 2009, the security had a remaining face value of \$5,164,915, a book value of \$5,124,290 and a fair market value of \$5,190,739.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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FHR 3388 CG, \$20,000,000 original par value. The security was purchased on November 30, 2007 and has a stated final maturity of December 15, 2011. The security has a fixed coupon rate of 5.00% and pays principal and interest monthly. Based on current prepayment speeds using industry-standard modeling, the City's principal amount will be fully retired in August 2011. At April 30, 2009, the security had a remaining face value of \$9,400,186, a book value of \$9,400,186 and a fair market value of \$9,435,437.

FNR 2005-101 NA, \$17,000,000 original par value. The security has a fixed coupon rate of 5.00% and pays principal and interest monthly. The security was purchased on December 12, 2007 and although has a stated final maturity of March 23, 2024, the security is the first tranche to begin receiving principal payments. Based on current prepayment speeds using industry-standard modeling, the City's principal amount will be fully retired in February, 2010. At April 30, 2009, the security had a remaining face value of \$3,865,546, a book value of \$3,865,546 and a fair market value of \$3,884,874.

FHR 2760 EB, \$10,000,000 original par value. The security has a fixed coupon rate of 4.50% and pays principal and interest monthly. The security was purchased on August 13, 2008 and although has a stated final maturity of September 15, 2016, the security is the first tranche to begin receiving principal payments. Based on current prepayment speeds using industry-standard modeling, the City's principal amount will be fully retired in October 2011. At April 30, 2009, the security had a remaining face value of \$8,258,125, a book value of \$8,258,125 and a fair market value of \$8,381,997.

FHLB 9M-2012 A, \$14,325,000 original par value. The security has a fixed coupon rate of 4.72% and pays principal and interest monthly. The security was purchased on September 16, 2008 and has a stated final maturity of September 20, 2012. Based on current prepayment speeds using industry-standard modeling, the City's principal amount will be fully retired in September 2012. At April 30, 2009, the security had a remaining face value of \$9,735,209, a book value of \$9,830,209 and a fair market value of \$10,027,266.

FHR 3125 AB, \$15,000,000 original par value. The security has a fixed coupon rate of 5.375% and pays principal and interest monthly. The security was purchased on October 31, 2008 and has a stated final maturity of December 15, 2013. Based on current prepayment speeds using industry-standard modeling, the City's principal amount will be fully retired in September 2012. At April 30, 2009, the security had a remaining face value of \$13,817,429, a book value of \$13,817,429 and a fair market value of \$14,024,691.

FHLB 9W-2012 1, \$23,500,000 original par value. The security has a fixed coupon rate of 4.77% and pays principal and interest monthly. The security was purchased on December 29, 2008 and has a stated final maturity of September 20, 2012. Based on current prepayment speeds using industry-standard modeling, the City's principal amount will be fully retired in September 2012. At April 30, 2009, the security had a remaining face value of \$14,634,501, a book value of \$14,850,841 and a fair market value of \$15,073,536.

City of Kansas City, Missouri

Notes to Basic Financial Statements

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Credit Risk

Credit risk is the risk that the City will not recover its investments due to the ability of the counterparty to fulfill its obligation. In order to prevent over concentration by investment type and thereby mitigate credit risk, the City's Investment Policy provides for diversification of the portfolio by investment type as follows:

Investment Type	Maximum
U.S. treasury securities and government guaranteed securities	100%
Collateralized time and demand deposits	100%
U.S. government agency and GSE securities	80%
Collateralized repurchase agreements	50%
U.S. agency callable securities	30%
Commercial paper	30%
Bankers acceptances	30%
Qualified municipal obligations	10%

As of April 30, 2009, the City had the following pooled and non-pooled investment balances which are rated by both Moody's and Standard and Poor's (amounts are in thousands):

Account/Investment Type	Fair Value	Risk Notes	Moody's/S&P Ratings
U.S. treasury securities	\$ 136,829	U.S. government	Aaa/AAA
U.S. agency securities	<u>715,336</u>	U.S. agency	Aaa/AAA
Total	<u>\$ 852,165</u>		

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party (i.e., the City's safekeeping institution).

The City's investment policy requires that all funds on deposit with any financial institution be secured with collateral securities in an amount equal to at least 102 percent of the deposit less any amount insured by the Federal Deposit Insurance Corporation (FDIC), or any other governmental agency performing a similar function. As of April 30, 2009, all deposits were adequately and fully collateralized.

City of Kansas City, Missouri

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The City's investment policy requires that all investment securities be held in the City's name in the City's safekeeping account at its safekeeping institution, thereby mitigating custodial credit risk. As of April 30, 2009, all investment securities were in the City's name in the City's safekeeping accounts at its safekeeping institutions. In addition, all collateral securities were in the City's joint custody account(s) at the Federal Reserve Bank and were either US Treasury (US Government guaranteed) or US Agency (Aaa/AAA rated) obligations, with the exception of an Irrevocable Letter Credit issued in the City's favor by the Federal Home Loan Bank in the amount of \$20,000,000 to secure the City's deposits at Commerce Bank. The Letter of Credit is safe kept in the City's cash vault in the Cash Operations section of the Treasury Division.

Concentration of Credit Risk

More than 5 percent of the City's investments are in the following U.S. Agency discount note/securities: Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association. These investments are 8%, 34%, 19% and 19%, respectively, of the City's total investments. In our opinion, the debt securities issued by these agencies do not have an explicit government guarantee, but rather an implied guarantee and therefore the City does not impose limits as to the concentration of any one agency. However, total agency securities in the portfolio are limited by the investment policy to 80% of the total portfolio value.

Investments – Trustee-Held

In the normal course of business, the City finances various projects by issuing debt in the form of municipal bonds. Cash raised by the issuance of such debt is placed with a trustee bank. All investment activity within such accounts is governed by the City's Investment Policy, except that excess cash is allowed by the bond indentures to be invested in overnight, U.S. Government and U.S. Agency money market funds.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's trustee-held investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the final maturity on any trustee-held security owned to a maximum of five years. In addition, covenants in the bond documents often limit the final maturity of such investments to shorter periods of time. As of April 30, 2009, the City had the following trustee-held investments and maturities (*amounts are in thousands*):

Investment Type	Fair Value	Investment Maturities (In Years)				Weighted Average
		Less Than 1	1 – 2	2 – 3	3 – 5	
Trustee-Held Investments						
Money market accounts	\$ 148,897	\$ 148,897				0.01
US Treasuries	799		\$ 306	\$ 304	\$ 189	2.35
US agencies – noncallable	12,545	12,545				0.87
US agencies – callable	1,176	1,176				0.14
Total Investments	\$ 163,417	\$ 162,618	\$ 306	\$ 304	\$ 189	0.09

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

Credit Risk

Credit risk is the risk that the City will not recover its investments due to the inability of the counterparty to fulfill its obligation. In order to mitigate credit risk, the City limits its trustee-held investment activity to overnight money market funds (as described above), U.S. government securities and U.S. agency securities

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party (i.e., the Trustee bank).

As of April 30, 2009, all trustee-held investment securities were in the City's name in the Trustee bank's safekeeping accounts at the Federal Reserve Bank, thereby mitigating custodial credit risk.

Summary

The following is a complete listing of cash and investments held by the City at April 30, 2009 (*in thousands*):

Deposits	\$ 54,916
Investments	852,165
Trustee accounts	163,417
Imprest funds	<u>70</u>
Total	<u>\$ 1,070,568</u>

The deposits and investments of the City at April 30, 2009 are reflected in the financial statements as follows (*in thousands*):

	Government- Wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets (Excluding Pension Trusts)	Total
Cash and short-term investments	\$ 590,085	\$ 16,024	\$ 606,109
Restricted cash and short-term investments	<u>464,459</u>	<u>—</u>	<u>464,459</u>
Total	<u>\$ 1,054,544</u>	<u>\$ 16,024</u>	<u>\$ 1,070,568</u>

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

Pension Systems

Employees' Retirement System

Deposits and Investments

The City administrative code and ordinances passed by the City council provide that the Employees' Retirement System (the Plan) investments may include, but are not limited to, obligations of the United States government, State of Missouri, municipal corporations includes school districts, corporate bonds, real estate mortgages and common and preferred stocks. The Plan purchases investments from U.S. Securities and Exchange Commission registered securities broker-dealers and banks through its investment managers. Investments in United States Treasury obligations are held at the Federal Reserve Bank through the customer account of a financial institution.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The cash and cash equivalents are held by the investment custodian in a short-term money market account and are not insured by the FDIC and are not collateralized. The Plan has not established a policy in regard to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Plan. The Plan's policy is that fixed income securities must have a minimum investment quality of "B" at the time of purchase. The weighted average credit rating of the portfolio must have a minimum investment quality of "A." As of April 30, 2009, the Plan's fixed income assets that are not government guaranteed represented 78% of the fixed income portfolio. The following table summarizes the Plan's fixed income portfolio exposure levels and credit qualities at April 30, 2009.

Average credit quality and exposure levels of nongovernment guaranteed securities (*in thousands*):

Fixed Income Security Type	Fair Value April 30, 2009	Percentage of all Fixed Income Assets	S&P Weighted Average Credit Quality	Ratings Dispersion Requiring Further Exposure
Corporate bonds	\$ 46,950	21.54%	A	See below
Government securities— nonguaranteed	90,256	41.42%	AAA	See below
Indexed notes and bonds	5,605	2.57%	AAA	None
Collective trusts	75,108	34.47%	Not rated	None
Total investments	<u>\$ 217,919</u>	<u>100.00%</u>		

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

Each portfolio is managed in accordance with operational guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers and the average credit quality of the overall portfolios.

Credit risk for derivative instruments held by the Plan results from counterparty risk assumed by the Plan. This is essentially the risk that the borrower will be unable to meet its obligation. Information regarding the Plan's credit risk related to derivatives is found under the derivatives disclosures found below.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. The Plan's policy for each specific portfolio limits investments in any corporate entity to no more than 5% of the market value of the account for actively managed portfolios. As of April 30, 2009, there were no investments in any corporate entity greater than 5%.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio using the effective duration of option-adjusted effective duration methodology. The Plan's policy is to manage duration to a maximum 25% of underweighting/overweighting relative to the Lehman Aggregate Bond Index.

Effective duration of fixed income assets by security type at April 30, 2009 (*in thousands*):

Fixed income security type	Fair value April 30, 2009	Percentage of All Fixed Income Assets	Weighted Average Effective Duration (Years)
Government securities - non guaranteed	\$ 90,256	41.42%	25.5
Corporate bonds	46,950	21.54%	9.1
Indexed notes and bonds	5,605	2.57%	16.8
Collective trusts	75,108	34.47%	**
Total investments	<u>\$ 217,919</u>	<u>100.00%</u>	

****** *A common or commingled collective trust (CCT) is a vehicle that provides for collective investment and reinvestment of assets contributed from the Plan. The trust is maintained by a bank, trust company, or similar institution that is regulated, supervised and subject to periodic examination by a state or federal agency. The Plan actually owns an interest in the underlying assets of the CCT. The unit value for a CCT is determined by the manager of the CCT based on the fair value of the CCT's underlying assets. The CCT does not have a maturity date, even though its underlying assets do have maturity dates. Therefore, the effective duration of the asset is not applicable.*

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Plan's currency risk exposures, or exchange rate risk, primarily reside within the Plan's cash and cash equivalent holdings through the Plan's various asset managers. The Plan's policy for each specific portfolio does not place limits on the amount of foreign exposure that can be held by the individual asset managers. There was minimal exposure to foreign currency risk as of April 30, 2009.

Derivative Financial Instruments

Some of the Plan's managers invest in derivative securities. A derivative security is an investment whose payoff depends upon the value of other assets, such as bond and stock prices, a market index, or commodity prices. During the year, derivative investments include futures and options. These derivatives are used to add incremental value at the margin and to hedge or reduce risk. They were used mainly to adjust yield curve exposure, add yield and adjust the duration of the portfolio. Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing strict limits as to the types, amounts and degree of risk that investment managers may undertake. The Board and senior management of the Plan approve these limits. The Plan's investment consultant reviews the risk positions of the investment managers on a regular basis to monitor compliance with the limits.

The Plan's investment managers utilize financial futures to replicate an underlying security they desire to hold (sell) in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security (arbitrage). Financial future contracts are also used to improve the yield or adjust the duration of the portfolio. Financial futures contracts are agreements to buy or sell a specified amount at a specified delivery or maturity date for an agreed-upon price. The market values of the futures contracts vary from the original contract price; a gain or loss is recognized and paid to or received from the clearinghouse. Financial futures represent an off-balance-sheet obligation as there are no balance sheet assets or liabilities associated with those contracts. The cash or securities to meet these obligations are held in the investment portfolio.

The Board's investment managers utilize options in an effort to add value to the portfolio (collect premiums) or protect (hedge) a position in the portfolio. Options are agreements that give one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specific price (called the strike price) on or before a specified expiration date. As the writer of financial options, the Plan receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the instrument underlying the option. As the purchaser, the Plan pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

The Plan's collective trusts also invest in various derivatives; however, these holdings are not reflected in the following table. The following table presents the futures and options positions held by the Plan as of April 30, 2009 (*in thousands*):

April 30, 2009			
	Number of Contracts	Contract Principal*	Fair Value of Futures/ Options
Domestic			
Fixed income futures purchased			
2-year note due June 2009	15	\$ 3,263	\$ -
5-year note due June 2009	146	17,103	-
U.S. long bond due June 2009	42	5,148	-
Fixed income futures sold			
10-year note due June 2009	61	7,377	-
Fixed income written call options			
U.S. 5-year future option due June 2009	26	3,046	(7)
U.S. 10-year future option due June 2009	3	363	-
U.S. 10-year future option due June 2009	6	726	-
U.S. 10-year future option due June 2009	47	5,684	(9)
U.S. bond future option due June 2009	5	613	(1)
U.S. bond future option due June 2009	11	1,348	(4)
Fixed income written put options			
U.S. 5-year future option due June 2009	20	2,343	(4)
U.S. 10-year future option due June 2009	6	726	(2)
U.S. 10-year future option due June 2009	6	726	(20)
U.S. 10-year future option due June 2009	32	3,870	(20)
U.S. 10-year future option due June 2009	13	1,572	-
U.S. bond future option due June 2009	3	368	(8)
			<u>\$ (75)</u>

**Contract principal amounts shown represent the fair value of the underlying assets the contracts control. These are shown to present the volume of the transactions, but do not reflect the extent to which positions may offset one another. These amounts do not represent the much smaller amounts potentially subject to risk. Contract principal values also do not represent actual statement of plan net asset values.*

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

April 30, 2009			
	<u>Number of Contracts</u>	<u>Contract Principal*</u>	<u>Fair Value of Futures/ Options</u>
Foreign			
Fixed income futures purchased			
90-day Euro future due March 2010	17	17,000	\$ -
90-day Euro future due June 2009	18	18,000	-
90-day Euro future due September 2010	13	13,000	-
90-day Euro future due September 2009	46	46,000	-
Fixed income written put options			
Euro future option due June 2009	10	10,000	(1)
Euro future option due June 2008	10	10,000	-
Fixed income purchased call options			
Euro future option due June 2009	13	13,000	4
			<u>\$ 3</u>

**Contract principal amounts shown represent the fair value of the underlying assets the contracts control. These are shown to present the volume of the transactions, but do not reflect the extent to which positions may offset one another. These amounts do not represent the much smaller amounts potentially subject to risk. Contract principal values also do not represent actual statement of plan net asset values.*

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of Plan net assets.

Firefighters' Pension System

Deposits and Investments

The City administrative code and ordinances passed by the City Council provide that the Firefighters' Pension System (the Firefighters' Plan) investments may include, but are not limited to, obligations of the United States government, State of Missouri, municipal corporations that include school districts, corporate bonds, real estate mortgages and common and preferred stocks. The Firefighters' Plan purchases investments from U.S. Securities and Exchange Commission registered securities broker-dealers and banks through its investment managers. Investments in United States Treasury obligations are held at the Federal Reserve Bank through the customer account of a financial institution.

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Firefighters' Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The cash and cash equivalents are held by the investment custodian in a short-term money market account and are not insured by the FDIC and are not collateralized. The Firefighters' Plan has not established a policy in regard to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Firefighters' Plan. As of April 30, 2009, the Firefighters' Plan's fixed income assets that are not government guaranteed represented 100% of the fixed income portfolio. The Firefighters' Plan has not established a policy in regard to credit risk. The following table summarizes the Firefighters' Plan's fixed income portfolio exposure levels and credit qualities at April 30, 2009 (*in thousands*):

Fixed Income Security Type	Fair Value	Percentage of all Fixed Income Assets	Weighted Average Credit Quality	Ratings Dispersion Requiring Further Exposure
Collective trusts	\$ 125,301	100.0%	Not rated	None

Each portfolio is managed in accordance with operational guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers and the average credit quality of the overall portfolios.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The Firefighters' Plan's policy for each specific portfolio limits investments in any corporate entity to no more than 5% of the market value of the account for actively managed portfolios. As of April 30, 2009, there were no investments in any corporate entity greater than 5%.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Firefighters' Plan has not established a policy in regard to interest rate risk. The following table summarizes the effective duration of fixed income assets by security type at April 30, 2009 (*in thousands*):

Fixed Income Security Type	Fair Value	Percentage all Fixed Income Assets	Weighted Average Effective Duration Years	Interest Rate Risk Requiring Further Exposure
Collective trusts	\$ 125,301	100.0%	N/A	None

City of Kansas City, Missouri

Notes to Basic Financial Statements

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Risks and Uncertainties

The Firefighters' Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of the Firefighters' Plan net assets.

Civilian Employees' Retirement System and Police Retirement System

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The Civilian Employees' Retirement System and Police Retirement System's (the Civilian & Police Plans) deposit policies for custodial credit risk require compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies, or instrumentalities of the State of Missouri; bonds of any city, county, school district, or special road district of the State of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

The Civilian & Police Plans had no bank balances exposed to custodial credit risk at April 30, 2009.

Investments

For the year ended April 30, 2009, Northern Trust was the master custodian for significantly all of the securities of the Civilian & Police Plans. The investments held by the Civilian & Police Plans are managed by 11 Board-Appointed money managers. Each of the money managers has a different asset allocation based on board-approved policy. The Civilian & Police Plans may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities, corporate bonds and equity securities.

Securities Lending Transactions

State statutes and the Civilian & Police Plans' board policies permit the Civilian & Police Plans to use investments of the Civilian & Police Plans to enter into securities lending transactions—loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future.

The Civilian & Police Plans have contracted with Northern Trust as their third-party lending agent to lend domestic equity and debt securities for cash collateral of not less than 102% of the market value and international debt and equity securities of not less than 105% of the market value. At April 30, 2009, management believes the Civilian & Police Plans have no credit risk exposure to borrowers because the amounts the Civilian & Police Plans owe the borrowers exceed the amounts the borrowers owe the Civilian & Police Plans. Contracts with the lending agent require it to indemnify the Civilian & Police Plans, if borrowers fail to return the securities, if the collateral is inadequate to replace the securities lent, or if the borrowers fail to pay the Civilian & Police Plans

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

for income distributions by the securities' issuers while the securities are on loan; therefore, noncash collateral is not recorded as an asset or liability on the financial statements.

	Civilian	Police
	<i>(In thousands)</i>	
Market value of securities loaned	\$ 11,829	\$ 78,176
Market value of cash collateral received from borrowers	\$ 12,077	\$ 79,967
Market value of noncash collateral received from borrowers	13	—
Total market value of collateral	\$ 12,090	\$ 79,967

All securities loans can be terminated on demand by either the Civilian & Police Plans or the borrower. The cash collateral received on each security loan was invested, in accordance with the Civilian & Police Plans investment guidelines, in short-term funds. The maturities of the resulting investments generally match the maturities of the securities lending arrangements themselves. The Civilian & Police Plans are not permitted to pledge or sell collateral received unless the borrower defaults.

At April 30, 2009, the Civilian & Police Plans had the following investments and maturities:

Civilian Employees Retirement System						
Investment Type	Fair Value	Investment Maturities (In Years)				Loaned Under Securities Lending Agreements
		Less Than 1	1 – 5	6 – 10	More Than 10	
U.S. Treasury obligations	\$ 2,537,123	\$ -	\$ 937,762	\$ 1,051,330	\$ 548,031	\$ 2,537,123
U.S agency obligations	1,386,640	-	1,386,640	-	-	1,010,697
Corporate bonds	13,954,598	6,073,936	3,867,029	2,371,212	1,642,421	2,278,066
Government-backed mortgage securities	4,491,759	-	-	-	4,491,759	-
Money market mutual funds	3,896,570	3,896,570	-	-	-	-
		<u>\$ 9,970,506</u>	<u>\$ 6,191,431</u>	<u>\$ 3,422,542</u>	<u>\$ 6,682,211</u>	5,825,886
Corporate stocks	31,631,836					6,002,847
Real estate	2,245,812					
Partnerships	1,331,021					
Emerging markets	721,545					
Commodities	2,390,924					
Foreign equities	7,419,844					
	<u>\$72,007,672</u>					<u>\$ 11,828,733</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Police Retirement System						
Investment Type	Fair Value	Investment Maturities (In Years)				Loaned Under Securities Lending Agreements
		Less Than 1	1 – 5	6 – 10	More Than 10	
U.S. Treasury obligations	\$ 20,309,017	\$ 1,022,891	\$ 8,252,930	\$ 6,995,071	\$ 4,038,125	\$ 20,309,017
U.S agency obligations	10,045,304	-	10,045,304	-	-	7,431,262
Corporate bonds	100,275,262	40,762,664	28,740,386	18,047,972	12,724,240	5,570,579
Government-backed mortgage securities	34,180,981	-	-	-	34,180,981	-
Money market mutual funds	21,134,223	21,134,223	-	-	-	-
		<u>\$ 62,919,778</u>	<u>\$ 47,038,620</u>	<u>\$ 25,043,043</u>	<u>\$ 50,943,346</u>	33,310,858
Corporate stocks	243,831,328					44,865,138
Real estate	19,104,233					
Partnerships	10,907,191					
Emerging markets	5,497,660					
Commodities	10,805,735					
Foreign equities	58,571,357					
	<u>\$ 534,662,291</u>					<u>\$ 78,175,996</u>

Interest Rate Risk—The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately. The debt securities are presented in their respective category based on final maturity date. The Civilian & Police Plans' investment policies do not specifically address exposure to fair value losses arising from rising interest rates.

Credit Risk—Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Civilian & Police Plans' policies to limit their investments in corporate bonds to those that are rated Baa or better by credit rating agencies. The Civilian & Police Plans' portfolios must have an average rating of A or better in the aggregate as measured by at least one credit rating agency. At April 30, 2009, the Civilian & Police Plans' investments in corporate bonds were rated Baa or better by Standard & Poor's. Additionally, the Civilian & Police Plans' investments in U.S. agencies obligations not directly guaranteed by the U.S. government (including Federal National Mortgage Association, Federal Home Loan Banks and Federal Home Loan Mortgage Corporation) were rated AAA by Standard & Poor's and its investment in money market mutual funds were rated AAA by Standard & Poor's. At April 30, 2009, the Civilian & Police Plans' mutual funds were rated AAA by Standard & Poor's. At April 30, 2009, the Civilian & Police Plans' investments in International LSV and G.E. Asset Management foreign equities funds were not rated.

Custodial Credit Risk—For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Civilian & Police Plans will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. Consistent with the Civilian Employees' Retirement System's securities and lending policy, \$11,828,733 was held by the counterparty that was acting as the system's agent in securities lending transactions. In addition, consistent with the Police Retirement System's securities and lending policy, \$78,175,996 was held by the counterparty that was acting as the system's agent in securities lending transactions.

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

Concentration of Credit Risk—The Civilian & Police Plans limit the amounts that may be invested in any one security at 5% to 15% of total plan assets.

Foreign Currency Risk—This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Civilian & Police Plans' investment policies permits investments in international equities, American Depositary Receipts (ADRs), warrants, rights, 144A securities, convertible bonds and U.S. registered securities whose principal markets are outside of the United States. All foreign equities held are denominated in U.S. dollars.

Note 3: Intergovernmental Receivables

Intergovernmental receivables for the year ended April 30, 2009 are as follows (*in thousands*):

	General	Capital Improvements	Nonmajor Funds	Kansas City Airports	Total Inter-Governmental Receivables
Federal government grants and reimbursements for					
Airport Improvement Programs	\$ -	\$ -	\$ -	\$ 3,999	\$ 3,999
Air Quality Control	-	-	301	-	301
Federal Aid Urban	3,464	14,175	2,282	-	19,921
HOME Investment Program	-	-	1,505	-	1,505
Economic Development Initiative	-	-	191	-	191
Supportive Housing	56	-	-	-	56
Foster Grandparents	66	-	-	-	66
HIV Surveillance	-	-	53	-	53
Housing Opportunities for Persons with AIDS	-	-	331	-	331
Community Development Block Grant	-	-	2,356	-	2,356
Sexually Transmitted Disease Control	-	-	71	-	71
Brownfields Development	31	48	-	-	79
Other	337	755	501	-	1,593
	<u>3,954</u>	<u>14,978</u>	<u>7,591</u>	<u>3,999</u>	<u>30,522</u>
State of Missouri grants and reimbursements for					
Motor Vehicle Fuel Tax	-	-	2,422	-	2,422
Gaming Tax	1,807	-	-	-	1,807
	<u>1,807</u>	<u>-</u>	<u>2,422</u>	<u>-</u>	<u>4,229</u>
Other governmental units					
Jackson, Clay, and Platte Counties—replacement tax	172	-	18	-	190
	<u>172</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>190</u>
Total intergovernmental receivable	<u>\$ 5,933</u>	<u>\$ 14,978</u>	<u>\$ 10,031</u>	<u>\$ 3,999</u>	<u>\$ 34,941</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Note 4: Tax Revenues

Tax revenues of the governmental funds, including interest and penalties, are as follows (*in thousands*):

	General	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds Tax Revenues
Earnings and profit	\$ 202,503	\$ -	\$ -	\$ 202,503
Sales	-	66,396	90,743	157,139
General Property	47,162	-	66,223	113,385
Hotel and restaurant	224	-	36,219	36,443
Local option use tax	22,693	-	6,480	29,173
Gaming	-	-	15,474	15,474
Railroad and utility	2,018	-	2,657	4,675
Cigarette	3,144	-	-	3,144
	<u>\$ 277,744</u>	<u>\$ 66,396</u>	<u>\$ 217,796</u>	<u>\$ 561,936</u>

The City's property tax is levied each November 1 on the assessed value as of the prior January 1 for all real and personal property located in the City within the counties of Jackson, Platte, Clay and Cass and is due by December 31. A lien is placed on the personal property effective November 1 and is removed when payment is made. Property taxes are delinquent on January 1 for all properties within Jackson, Platte, Clay and Cass counties.

Assessed values are established by the Jackson, Clay, Platte and Cass County assessors subject to review by the counties' Board of Equalization and State Tax Commission. The City is permitted by state statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general government purposes other than payment of principal and interest on long-term debt; up to \$0.72 per \$100 of assessed valuation for public health, hospital and recreational grounds; up to \$0.02 per \$100 of assessed valuation for museums; and in unlimited amounts for the payment of principal and interest on long-term debt. Article X, Sections 16 through 24, of the Missouri Constitution, known as the "Hancock Amendment," imposes limits on state and local government taxation and spending. Under the Hancock Amendment, the City may not increase the current levy of any tax, license, or fee above its mandated level without the approval of the required majority of the qualified voters of the City voting thereon. Property tax levies per \$100 assessed valuation for the year ended April 30, 2009 follow:

Fund	Levy
General	\$ 0.6342
Public health	0.6751
Museum	0.0185
Debt service	0.1400
Total general levy rate	<u>\$ 1.4678</u>

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

Currently, the City collects 2 and 3/8 cents of sales tax for the following purposes:

- One cent for capital improvements, authorized through December 31, 2018
- One-half cent for Public Mass Transportation, no expiration
- One-quarter cent for the City's fire department to be used for operations and improvements, authorized through December 31, 2016
- One-quarter cent to fund a capital plan for public safety, authorized through June 30, 2011
- Three-eighths cent sales tax for the KCATA, authorized through March 31, 2024

The City collects a convention and tourism tax comprised of the following:

- Two percent on food, beverage and liquor sales from restaurants (the restaurant tax). The receipts are restricted to capital expenditures, including debt service requirements on KCMAC Bartle Hall Expansion Bonds.
- Seven and one-half percent on gross receipts of hotel and motel room sales (the hotel tax)—40% of the gross receipts for the Convention and Visitors Association, 10% for the neighborhood tourism development fund and the remaining 50% for operating costs of the Bartle Hall Convention Center.

The City collects an earnings and profits tax equal to the following:

- A levy of 1% on earnings of all Kansas City, Missouri residents and all nonresidents working in Kansas City, Missouri
- A levy of 1% on business net profits

Note 5: Interfund Transactions, Receivables, Payables and Transfers

Payments to the general fund by the enterprise funds for certain administrative, information and technology, accounting, legal and other services for the year ended April 30, 2009 are as follows (*in thousands*):

Water fund	\$ 5,113
Airports fund	4,989
Sewer fund	<u>5,098</u>
Total	<u><u>\$ 15,200</u></u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Individual interfund receivable and payable balances at April 30, 2009 are as follows (*in thousands*)

Payables	Receivables																			
	Governmental Funds					Fiduciary Funds	Enterprise Funds			Total										
	Major				Water		Sewer	Total												
	Major	Governmental	Nonmajor	Total																
	Governmental Fund— General	Fund— Capital Improvements	Governmental Funds																	
Major governmental funds:																				
General fund	\$	—	\$	—	\$	41,429	\$	41,429	\$	2,288	\$	130	\$	390	\$	520	\$	44,237		
Capital improvements		—		—		4,520		4,520		—		—		—		—		—		4,520
Nonmajor governmental funds		182		17,798		14,771		32,751		—		—		—		—		—		32,751
Total governmental funds		182		17,798		60,720		78,700		2,288		130		390		520		81,508		
Major enterprise funds:																				
Water		492		—		—		492		—		—		87		87		579		
Sewer		210		—		—		210		—		100		—		100		310		
Total enterprise funds		702		—		—		702		—		100		87		187		889		
Total	\$	884	\$	17,798	\$	60,720	\$	79,402	\$	2,288	\$	230	\$	477	\$	707	\$	82,397		

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

The City initiates interfund receivables and payables for various reasons. The reasons for the major receivables and payables during the current fiscal year are as follows:

General Fund Payable to Nonmajor Governmental Funds

- Reimbursement for tax increment financing (TIF) and super-tax increment financing (STIF) activity. Economic activities taxes are collected by the general fund, but are required to be transferred to the TIF and STIF funds to be passed along to developers to reimburse them for costs incurred on TIF/STIF projects.

General Fund Payable to Fiduciary Funds

- Represents contributions owed to the pension trust funds

General Fund Payable to Water and Sewer Funds

- Reimbursement for gasoline, garage services, lab fees and snowplowing

Capital Improvement Payable to Nonmajor Governmental Funds

- Reimbursement for TIF and STIF activity. Economic activities taxes are collected by the capital improvement fund, but are required to be transferred to the TIF and STIF funds to be passed along to developers to reimburse them for costs incurred on TIF/STIF projects.

Nonmajor Governmental Funds Payable to the General Fund

- Due to interest owed on cash deficits in the funds

Nonmajor Governmental Funds Payable to the Capital Improvements Fund

- Due to interfund cash borrowing to cover cash deficits

Nonmajor Governmental Funds Payable to Nonmajor Governmental Funds

- Reimbursement for TIF and STIF activity. Economic activities taxes are collected by various special revenue and capital project funds, but are required to be transferred to the TIF and STIF funds to be passed along to developers to reimburse them for costs incurred on TIF/STIF projects.

Water and Sewer Fund Payable to General Fund

- Reimbursement for various operating costs

Water Fund Payable to Sewer Fund

- Reimbursement for various operating costs

Sewer Fund Payable to Water Fund

- Reimbursement for various operating costs

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Interfund transfers for the year ended April 30, 2009 are as follows (*in thousands*):

Transfers Out of	Transfers Into			
	Major Governmental General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Total Transfers
Major governmental funds				
General fund	\$ —	\$ 73,446	\$ 73,446	\$ 73,446
Capital improvements fund	—	13,872	13,872	13,872
Nonmajor governmental funds	4,114	103,762	107,876	107,876
Total governmental funds	<u>\$ 4,114</u>	<u>\$ 191,080</u>	<u>\$ 195,194</u>	<u>\$ 195,194</u>
Total Transfers	<u>\$ 4,114</u>	<u>\$ 191,080</u>	<u>\$ 195,194</u>	<u>\$ 195,194</u>

The City initiates transfers between funds for various reasons. The reasons for the major transfers during the current fiscal year are as follows:

General Fund to Nonmajor Governmental Funds

- General operating subsidies
- Interfund transfers to eliminate fund deficits
- Economic activities tax is collected by the general fund, but is required to be transferred to the TIF and STIF funds to be passed along to developers to reimburse them for costs incurred on TIF/STIF projects.

Capital Improvements Fund to Nonmajor Governmental Funds

- Economic activities tax is collected by the capital improvements fund, but is required to be transferred to the TIF and STIF funds to be passed along to developers to reimburse them for costs incurred on TIF/STIF projects.

Nonmajor Governmental Funds to General Fund

- Transfers were made from various nonmajor governmental funds to close out projects funds or repay prior year interfund transfers to cover fund deficits.

Nonmajor Governmental Funds to Nonmajor Governmental Funds

- Economic activities tax is collected by various nongovernmental funds, but is required to be transferred to the TIF and STIF funds to be passed along to developers to reimburse them for costs incurred on TIF/STIF projects.
- Transfers were made from various nonmajor governmental funds to fund debt service for certain outstanding bonds and notes.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Note 6: Capital Assets

Capital asset activity for the year ended April 30, 2009 is as follows (*in thousands*):

	Primary Government—Governmental Activities		
	Balance April 30, 2008	Additions	Balance April 30, 2009
Nondepreciable capital assets			
Land	\$ 312,398	\$ 11,256	\$ (3,406)
Infrastructure	1,959,995	54,751	-
Construction in progress	215,302	167,869	(189,615)
Total non-depreciable capital assets	2,487,695	233,876	(193,021)
Depreciable capital assets			
Land improvements	158,310	35,539	-
Buildings and improvements	983,822	83,938	(3,559)
Machinery and equipment	159,977	9,258	(8,935)
Fountains, statues and monuments	117,622	82	-
Infrastructure	115,992	23,919	(13,044)
Total depreciable capital assets	1,535,723	152,736	(25,538)
Less accumulated depreciation			
Land improvements	(34,439)	(8,569)	-
Buildings and improvements	(191,541)	(27,055)	3,490
Machinery and equipment	(90,193)	(18,337)	7,393
Fountains, statues and monuments	(23,080)	(2,793)	-
Infrastructure	(37,576)	(6,151)	16
Total accumulated depreciation	(376,829)	(62,905)	10,899
Total depreciable capital assets, net	1,158,894	89,831	(14,639)
Total governmental activities capital assets, net	\$ 3,646,589	\$ 323,707	\$ (207,660)

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Depreciation expense was charged to functions as follows (*in thousands*):

General government	\$ 6,331
Public safety (police, fire and municipal courts)	7,804
Public works	16,465
Convention facilities	14,426
Culture and recreation	11,191
Neighborhood development	4,397
Health	1,165
Unallocated	<u>1,126</u>
Total depreciation expense—governmental activities	<u>\$ 62,905</u>

Primary Government—Business-Type Activities				
	Balance April 30, 2008	Additions	Deductions	Balance April 30, 2009
Water				
Nondepreciable capital assets				
Land	\$ 3,771	\$ -	\$ -	\$ 3,771
Construction in progress	<u>65,085</u>	<u>37,762</u>	<u>(4,856)</u>	<u>97,991</u>
Total non depreciable capital assets	<u>68,856</u>	<u>37,762</u>	<u>(4,856)</u>	<u>101,762</u>
Depreciable capital assets				
Buildings and improvements	135,159	49	(532)	134,676
Utility lines and improvements	447,962	7,115	(339)	454,738
Machinery and equipment	<u>55,930</u>	<u>2,113</u>	<u>(447)</u>	<u>57,596</u>
Total depreciable capital assets	639,051	9,277	(1,318)	647,010
Less accumulated depreciation				
Buildings and improvements	(63,062)	(745)	31	(63,776)
Utility lines and improvements	(55,900)	(6,750)	444	(62,206)
Machinery and equipment	<u>(36,955)</u>	<u>(2,583)</u>	<u>416</u>	<u>(39,122)</u>
Total accumulated depreciation	<u>(155,917)</u>	<u>(10,078)</u>	<u>891</u>	<u>(165,104)</u>
Total depreciable capital assets, net	<u>483,134</u>	<u>(801)</u>	<u>(427)</u>	<u>481,906</u>
Total water capital assets	<u>\$ 551,990</u>	<u>\$ 36,961</u>	<u>\$ (5,283)</u>	<u>\$ 583,668</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Primary Government—Business-Type Activities				
	Balance April 30, 2008	Additions	Deductions	Balance April 30, 2009
Kansas City airports				
Nondepreciable capital assets				
Land	\$ 37,862	\$ -	\$ -	\$ 37,862
Construction in progress	32,723	59,375	(48,372)	43,726
Total non depreciable capital assets	70,585	59,375	(48,372)	81,588
Depreciable capital assets				
Buildings and improvements	573,153	26,957	-	600,110
Airport runways, aprons and roads	441,757	20,878	-	462,635
Machinery and equipment	89,547	4,948	(3,026)	91,469
Total depreciable capital assets	1,104,457	52,783	(3,026)	1,154,214
Less accumulated depreciation				
Buildings and improvements	(180,161)	(21,407)	-	(201,568)
Airport runways, aprons and roads	(258,998)	(24,266)	-	(283,264)
Machinery and equipment	(63,890)	(14,226)	3,026	(75,090)
Total accumulated depreciation	(503,049)	(59,899)	3,026	(559,922)
Total depreciable capital assets, net	601,408	(7,116)	-	594,292
Total Kansas City airports capital assets	<u>\$ 671,993</u>	<u>\$ 52,259</u>	<u>\$ (48,372)</u>	<u>\$ 675,880</u>

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

Primary Government—Business-Type Activities				
	Balance April 30, 2008	Additions	Deductions	Balance April 30, 2009
Sewer				
Nondepreciable capital assets				
Land	\$ 8,778	\$ 573	\$ -	\$ 9,351
Construction in progress	94,540	19,436	(8,382)	105,594
Total non depreciable capital assets	103,318	20,009	(8,382)	114,945
Depreciable capital assets				
Buildings and improvements	277,451	33	-	277,484
Utility lines and improvements	512,075	26,752	-	538,827
Machinery and equipment	47,594	5,156	(514)	52,236
Total depreciable capital assets	837,120	31,941	(514)	868,547
Less accumulated depreciation				
Buildings and improvements	(189,552)	(6,975)	462	(196,065)
Utility lines and improvements	(31,702)	(7,255)	-	(38,957)
Machinery and equipment	(22,136)	(2,464)	383	(24,217)
Total accumulated depreciation	(243,390)	(16,694)	845	(259,239)
Total depreciable capital assets, net	593,730	15,247	331	609,308
Total sewer capital assets	\$ 697,048	\$ 35,256	\$ (8,051)	\$ 724,253

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

	Primary Government-Business-Type Activities			
	Balance April 30, 2008	Additions	Deductions	Balance April 30, 2009
Nonmajor Enterprise				
Nondepreciable capital assets				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	4,478	2,955	(4,567)	2,866
Total non depreciable capital assets	4,478	2,955	(4,567)	2,866
Depreciable capital assets				
Buildings and improvements	-	4,567	-	4,567
Machinery and equipment	-	-	-	-
Total depreciable capital assets	-	4,567	-	4,567
Less accumulated depreciation				
Buildings and improvements	-	(91)	-	(91)
Machinery and equipment	-	-	-	-
Total accumulated depreciation	-	(91)	-	(91)
Total depreciable capital assets, net	-	4,476	-	4,476
Total nonmajor enterprise capital assets	4,478	7,431	(4,567)	7,342
Total business-type activities capital assets	\$ 1,925,509	\$ 131,907	\$ (66,273)	\$ 1,991,143

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Note 7: Long-Term Obligations

The following is a summary of long-term obligations of the City for the year ended April 30, 2009
(in thousands):

	Payable at May 1, 2008	Additions	Reductions	Payable at April 30, 2009	Amounts Due Within One Year
Primary government					
Governmental activities					
General obligation bonds	\$ 308,655	\$ -	\$ 16,590	\$ 292,065	\$ 16,355
Special assessment debt- full faith and credit	2,670	-	635	2,035	655
Bonds - KCMAC	399,993	-	113,007	286,986	23,240
Notes payable - MDFB	508	1,555	201	1,862	289
Bonds - PIEA	29,550	-	1,680	27,870	1,785
Special Obligations	57,805	360,390	2,425	415,770	6,350
MTFC Loan	2,000	2,000	172	3,828	360
Bonds - IDA	588,140	180,620	411,850	356,910	5,320
Bonds - Other	35,765	2,094	2,480	35,379	3,075
Notes payable - various	50,986	-	10,572	40,414	8,995
Net pension obligation -					
Employees' Retirement System	5,755	12,938	13,523	5,170	-
Firefighters' Pension System	2,228	9,575	10,315	1,488	-
Net Other Post Employment Benefit Obligation	11,025	17,198	2,673	25,550	-
Compensated absences	23,074	7,330	3,911	26,493	5,832
Claims payable	21,289	8,124	6,536	22,877	6,255
	<u>1,539,443</u>	<u>601,824</u>	<u>596,570</u>	<u>1,544,697</u>	<u>78,511</u>
Add unamortized premium	25,688	1,398	3,735	23,351	-
Less					
Deferred charge on refunding	22,791	7,145	2,327	27,609	-
Discount	<u>1,871</u>	<u>7,089</u>	<u>196</u>	<u>8,764</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 1,540,469</u>	<u>\$ 588,988</u>	<u>\$ 597,782</u>	<u>\$ 1,531,675</u>	<u>\$ 78,511</u>

The general fund and certain special revenue funds have typically been used in prior years to liquidate the compensated absences, pension, claims payable and other postemployment benefit obligation liabilities for the governmental activities.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

	Payable at May 1, 2008	Additions	Reductions	Payable at April 30, 2009	Amounts Due Within One Year
Business-type activities					
Water					
Revenue bonds	\$ 181,110	\$198,915	\$ 146,110	\$ 233,915	\$ 10,505
Capital lease	10,808	117	240	10,685	710
Add unamortized premium	889	9,357	926	9,320	-
Less					
Deferred charge on refunding	1,025	7,562	1,025	7,562	-
Discount	45	-	45	-	-
Net pension obligation -					
Employees' Retirement System	1,058	2,346	2,443	961	-
Net Other Post Employment Benefit					
Obligation	1,105	1,733	268	2,570	-
Compensated absences	2,948	622	522	3,048	719
Claims payable	5,247	1,577	1,360	5,464	1,327
Total Water	<u>202,095</u>	<u>207,105</u>	<u>150,799</u>	<u>258,401</u>	<u>13,261</u>
Sewer					
Revenue bonds and loans	180,707	69,481	11,167	239,021	11,521
Add unamortized premium	2,829	670	179	3,321	-
Less					
Deferred charge on refunding	354	72	19	407	-
Discount	20	-	5	15	-
Net pension obligation -					
Employees' Retirement System	809	1,979	2,011	777	-
Net Other Post Employment Benefit					
Obligation	845	1,448	217	2,076	-
Compensated absences	1,859	822	403	2,278	554
Claims payable	3,385	1,620	1,217	3,788	936
Total Sewer	<u>190,060</u>	<u>75,948</u>	<u>15,170</u>	<u>250,839</u>	<u>13,011</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

	Payable at May 1, 2008	Additions	Reductions	Payable at April 30, 2009	Amounts Due Within One Year
Kansas City Airports					
Revenue & PFC Bonds	\$ 370,650	\$ 28,580	\$ 47,890	\$ 351,340	\$ 18,940
Add unamortized premium	3,371	1,475	812	4,034	-
Less					
Deferred charge on refunding	1,832	1,525	1,614	1,743	-
Discount	1,156	-	165	991	-
Net pension obligation - Employees' Retirement System	902	2,208	2,246	864	-
Net Other Post Employment Benefit Obligation	941	1,609	242	2,308	-
Compensated absences	1,892	688	503	2,077	499
Claims payable	1,504	351	357	1,498	426
Total Kansas City Airports	<u>376,272</u>	<u>33,386</u>	<u>50,271</u>	<u>359,387</u>	<u>19,865</u>
Nonmajor enterprise funds					
Revenue bonds	30,450	-	570	29,880	605
Add unamortized premium	<u>130</u>	<u>-</u>	<u>7</u>	<u>123</u>	<u>-</u>
Total nonmajor enterprise funds	<u>30,580</u>	<u>-</u>	<u>577</u>	<u>30,003</u>	<u>605</u>
Total business-type activities long-term liabilities	<u>\$ 799,007</u>	<u>\$316,439</u>	<u>\$ 216,817</u>	<u>\$ 898,630</u>	<u>\$ 46,742</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

	Payable at May 1, 2008 <i>(as restated)</i>	Additions	Reductions	Payable at April 30, 2009	Due Within One Year
Component units					
LCRA					
TIF					
Long-term debt	\$ 214,431	\$ -	\$ 75,156	\$ 139,275	\$ 2,725
Reimbursable developer					
Project costs	281,426	222,788	45,810	458,404	44,000
Police Department					
Net pension obligation					
Police Retirement System	7,732	24,367	16,701	15,398	-
Civilian Retirement System	8,418	3,655	3,471	8,602	-
Compensated absences	32,620	12,013	9,446	35,187	8,266
Other Component Units					
EDC					
Loan payable	671	-	441	230	230
MAST					
Long-term debt	4,290	-	440	3,850	465
Port Authority					
Long-term debt	<u>413</u>	<u>-</u>	<u>413</u>	<u>-</u>	<u>-</u>
Total component units long-term liabilities	<u>\$ 550,001</u>	<u>\$ 262,823</u>	<u>\$ 151,878</u>	<u>\$ 660,946</u>	<u>\$ 55,686</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

The annual requirements to retire bonds and notes outstanding on April 30, 2009, including interest payments, are as follows (*in thousands*):

Governmental Activities

Fiscal Year	General Obligation Bonds													
	General Obligation		Street Light		Neighborhood Imp. District		Special Assessment		KCMAC		Notes Payable		PIEA	
	Full Faith & Credit		Full Faith & Credit		Full Faith & Credit		Full Faith & Credit				MDFB			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 9,625	\$ 11,494	\$ 6,700	\$ 2,704	\$ 30	\$ 22	\$ 655	\$ 137	\$ 23,240	\$ 15,262	\$ 289	\$ 86	\$ 1,785	\$ 1,699
2011	8,075	11,040	4,300	2,384	30	21	680	93	15,205	9,413	289	78	1,915	1,590
2012	7,475	10,654	4,455	2,211	30	20	700	48	17,040	8,749	297	70	2,055	1,472
2013	10,830	10,275	4,470	2,030	35	19	-	-	14,595	7,935	164	61	2,205	1,344
2014	8,865	9,817	7,650	1,811	35	18	-	-	15,575	7,263	164	61	2,365	1,205
2015-2019	56,620	41,896	26,550	3,388	200	64	-	-	96,275	24,336	659	248	9,275	3,903
2020-2024	80,705	25,581	2,225	222	145	14	-	-	64,821	40,921	-	-	7,675	1,288
2023-2029	53,015	6,250	-	-	-	-	-	-	27,769	58,865	-	-	595	34
2030-2034	-	-	-	-	-	-	-	-	12,466	36,395	-	-	-	-
2035-2039	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2040-2044	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 235,210	\$ 127,007	\$ 56,350	\$ 14,750	\$ 505	\$ 178	\$ 2,035	\$ 278	\$ 286,986	\$ 209,139	\$ 1,862	\$ 604	\$ 27,870	\$ 12,535

Fiscal Year	Bonds -Other													
	Special Obligation		MTFC Loan		IDA		Bonds Payable - LCRA Muehlbach/Americana		TIF		Notes Payable Various		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 6,350	\$ 19,915	\$ 360	\$ 161	\$ 5,320	\$ 16,641	\$ 2,625	\$ 1,119	\$ 451	\$ 277	\$ 8,995	\$ 1,463	\$ 66,425	\$ 70,980
2011	5,055	19,701	434	146	8,925	16,374	2,725	1,014	451	277	9,072	1,100	57,156	63,231
2012	5,380	19,516	433	127	9,415	15,997	2,870	919	451	277	8,226	744	58,827	60,804
2013	5,870	19,319	434	109	10,355	15,580	2,985	804	451	277	6,820	448	59,214	58,201
2014	6,380	19,092	433	91	11,410	15,128	3,160	685	451	277	5,096	191	61,584	55,639
2015-2019	40,330	91,082	1,734	182	69,155	66,954	12,450	1,498	2,253	1,383	2,205	56	317,706	234,990
2020-2024	55,235	81,336	-	-	81,410	48,879	-	-	2,254	1,383	-	-	294,470	199,624
2023-2029	77,480	63,716	-	-	93,240	29,073	-	-	1,802	1,104	-	-	253,901	159,042
2030-2034	134,740	44,628	-	-	67,680	6,172	-	-	-	-	-	-	214,886	87,195
2035-2039	63,930	14,830	-	-	-	-	-	-	-	-	-	-	63,930	14,830
2040-2044	15,020	821	-	-	-	-	-	-	-	-	-	-	15,020	821
Total	\$ 415,770	\$ 393,956	\$ 3,828	\$ 816	\$ 356,910	\$ 230,798	\$ 26,815	\$ 6,039	\$ 8,564	\$ 5,255	\$ 40,414	\$ 4,002	\$ 1,463,119	\$ 1,005,357

City of Kansas City, Missouri
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Business-type Activities and Component Units

Business-type Activities

Fiscal Year	Water		Sewer		Kansas City Airports		Nonmajor Enterprise Funds		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 11,215	\$ 8,234	\$ 11,521	\$ 10,342	\$ 18,940	\$ 16,919	\$ 605	\$ 1,385	\$ 42,281	\$ 36,880
2011	14,402	10,371	13,721	10,657	18,645	15,962	675	1,359	47,443	38,349
2012	15,267	9,783	14,198	10,043	19,555	15,007	780	1,330	49,800	36,163
2013	14,267	9,176	13,933	9,413	20,245	14,045	830	1,298	49,275	33,932
2014	14,736	8,704	14,399	8,758	25,270	12,949	880	1,264	55,285	31,675
2015-2019	66,872	34,511	63,955	33,828	137,215	44,784	5,465	5,618	273,507	118,741
2020-2024	58,400	20,216	50,176	20,430	71,495	18,918	7,600	3,951	187,671	63,515
2025-2029	31,690	8,639	29,272	11,170	39,975	3,491	10,585	1,876	111,522	25,177
2030-2034	17,751	2,379	27,846	3,979	-	-	2,460	58	48,057	6,416
2035-2039	-	-	-	-	-	-	-	-	-	-
2040-2044	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ 244,600</u>	<u>\$ 112,013</u>	<u>\$ 239,021</u>	<u>\$ 118,620</u>	<u>\$ 351,340</u>	<u>\$ 142,075</u>	<u>\$ 29,880</u>	<u>\$ 18,139</u>	<u>\$ 864,841</u>	<u>\$ 390,848</u>

Component Unit Activities

Fiscal Year	TIF		Other Component Units		Component Units Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 2,725	\$ 7,113	\$ 695	\$ 214	\$ 3,420	\$ 7,327
2011	3,185	6,948	496	185	3,681	7,133
2012	3,785	6,758	515	158	4,300	6,916
2013	4,425	6,529	545	130	4,970	6,659
2014	4,950	6,273	580	100	5,530	6,373
2015-2019	32,540	26,555	1,249	103	33,789	26,658
2020-2024	28,785	18,519	-	-	28,785	18,519
2025-2029	58,881	11,277	-	-	58,881	11,277
2030-2034	-	-	-	-	-	-
Total	<u>\$ 139,276</u>	<u>\$ 89,972</u>	<u>\$ 4,080</u>	<u>\$ 890</u>	<u>\$ 143,356</u>	<u>\$ 90,862</u>

City of Kansas City, Missouri
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Bonds payable at April 30, 2009 are comprised of the following individual issues:

Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
General Obligation Bonds				
Chouteau Bridge Project, Series 1996B	May 1, 2011	4.20% - 7.00%	Bonds maturing on and after 5/1/08 are subject to the following redemptions: 5/1/08 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.	\$ 2,585,000
Refunding (Crossover), Series 1998A	September 1, 2012	4.00% - 5.25%	Bonds maturing on and after 3/1/09 are subject to the following optional redemptions: 3/1/09 to 2/28/10 - 100.5% and 3/1/10 and thereafter, as a whole at any time or in part in any interest payment date.	14,610,000
Downtown/Neighborhood, Series 2003F	February 1, 2023	2.50% - 5.00%	The bonds maturing on and after 2/1/14 are subject to optional redemption on: 2/1/2013 and thereafter – 100% as a whole at any time or in part, on any interest payment date.	17,315,000
Kansas City Zoo/Liberty Memorial/Other Cap Imp, Series 2004F	February 1, 2024	3.00% - 5.00%	The bonds maturing on and after 2/1/15 are subject to the following optional redemptions: 2/1/14 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.	86,075,000
Kansas City Zoo/Liberty Memorial/Other Cap Imp, Series 2007A	February 1, 2027	5.00% - 5.00%	The bonds maturing on and after 2/1/18 are subject to the following optional redemptions: 2/1/17 and thereafter – 100%, as a whole or in part at any time.	75,085,000
Kansas City Capital Improvement/Zoo 2008A	February 1, 2028	3.00% - 5.00%	The bonds maturing on and after 2/1/19 are subject to the following optional redemptions: 2/1/18 and thereafter – 100%, as a whole or in part, at any time.	39,540,000
Total General Obligation Bonds Outstanding				\$ 235,210,000
General Obligation Bonds				
Streetlight Project, Series 2000A	February 1, 2010	5.13% - 6.00%	The bonds maturing on and after 2/1/11 are subject to the following optional redemption: 2/1/10 to 1/31/11 – 101%; 2/1/11 to 1/31/12 – 100.5%; 2/1/12 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.	\$ 3,460,000
Streetlight Project, Series 2002A	February 1, 2022	3.80% - 5.10%	The bonds maturing on and after 2/1/13 are subject to the following optional redemptions: 2/1/12 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.	7,845,000
Streetlight Project, Series 2007A	February 1, 2017	4.00% - 5.00%	Optional redemption is not applicable to the streetlight refunding portion of Series 2007A. The streetlight refunding portion matures on 2/1/2017.	45,045,000
Total General Obligation Bonds Streetlight Projects Outstanding				\$ 56,350,000

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
General Obligation Bonds				
General Obligation Bonds NID				
General Obligation Bonds NID Series 2002B	March 1, 2022	1.60% to 4.90%	Bonds maturing on and after 3/1/11 are subject to the following optional redemptions: 3/1/10 to 2/28/11 – 102%; 3/1/11 to 2/29/12 – 101%; 3/1/12 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.	\$ 505,000
Total General Obligation NID Bonds Outstanding				<u>\$ 505,000</u>
Special Assessment (Sewer Improvement) Series 1997A (SRF)	January 1, 2012	3.95% to 6.75%	The bonds are not subject to optional redemptions	\$ 2,035,000
Total General Obligation Bonds Special Assessments Outstanding				<u>\$ 2,035,000</u>
KCMAC Bonds				
KCMAC Bonds Bartle Hall, Series 1990B-1 (non-refunded portion CABS)	April 15, 2010	7.10% - 7.25% (yield to maturity)	Remaining unrefunded CABS are not subject to optional call.	\$ 607,583
KCMAC Bonds Bartle Hall Expansion, Series 1991B (non-refunded portion CABS)	April 15, 2010	6.85% - 6.95% (yield to maturity)	Remaining unrefunded CABS are not subject to optional call.	1,137,304
KCMAC Bonds Leasehold Refunding (Truman Medical Center), Series 1998B	December 1, 2011	3.75% - 4.80%	Bonds maturing on and after 12/1/07 are subject to the following optional redemptions: 11/30/09 – 101%; 12/1/09 to 11/30/10 – 100.5%; 12/1/10 and thereafter- 100%, as a whole at any time or in part, on any interest payment date.	3,060,000

City of Kansas City, Missouri
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Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
KCMAC Bonds, 11th & Oak Garage, Series 1999A	March 1, 2019	3.30% - 5.125%	Bonds maturing on and after 3/1/10 are subject to the following redemptions: 3/1/09 to 2/28/10 – 101%; 3/1/10 to 2/28/11 – 100.5%; 3/1/11 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.	\$ 3,955,000
KCMAC Bonds 11th & Oak Garage, Series 2001A	March 1, 2019	4.00% - 5.00%	Bonds maturing on and after 3/1/12 are subject to the following optional redemptions: 3/1/11 to 2/29/12 – 101%; 3/1/12 to 2/28/13 – 100.5%; 3/1/13 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.	18,580,000
KCMAC Bonds Zona Rosa, Prospect North, Fairyland, Series 2001B-1	April 1, 2021	3.50% - 5.00%	Bonds maturing on 4/1/10 are subject to the following optional redemption: 4/1/09 and thereafter – 100%, as a whole or in part, at any time.	16,525,000
KCMAC Bonds Zona Rosa, ERP and Refunding, Series 2003C	April 1, 2023	2.50% - 5.00%	Bonds maturing on and after 4/1/14 are subject to the following optional redemptions: 4/1/13 and thereafter – 100%, as a whole or in part, at any time.	33,095,000
KCMAC Bonds Tow Lot & Prospect North, Series 2004B-2	April 15, 2024	2.13% - 4.25%	Bonds are subject to redemption at the following optional redemption: 4/15/14 and thereafter – 100%, as a whole or in part, at any time.	7,720,000
KCMAC Bonds Bartle, Series 2004B-1 (CABS)	April 15, 2032	4.82% - 5.34% (CAB's yield)	CABS are not subject to optional call.	64,411,041
KCMAC Bonds Municipal Auditorium Parking Garage/ Music Hall and Bartle Hall, Series 2006A	April 15, 2026	4.25% - 5.00%	Bonds maturing in the years 2017, 2021 through 2026, inclusive, and \$6,500,000 in aggregate principal amount maturing in the year 2020 are subject to optional redemption on and after 4/15/16, in whole or in part at any time at a price equal to 100%.	124,310,000
KCMAC Bonds Kemper Arena Refunding, Series 2006B	April 15, 2016	3.50% - 4.00%	The bonds are not subject to optional call.	13,585,000
Total KCMAC Bonds Outstanding				\$ <u>286,985,928</u>

City of Kansas City, Missouri
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Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
Missouri Development Finance Board (MDFB Bonds)				
MDFB Loan Harley Davidson	December 1, 2011	6.50% - 6.50%	Not applicable	\$ 382,500
MDFB Bonds Valentine Shopping Center, Series 1998	April 1, 2018	6.90% - 6.90%	Bonds maturing after 4/1/09 are subject to the following optional redemptions: 4/1/09 to 3/31/10 – 101%; 4/1/10 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.	*\$1,479,000 (See footnote below)
Total Bonds Outstanding				<u>\$ 1,861,500</u>
Planned Industrial Expansion Authority (PIEA) Bonds				
PIEA Bonds Taxable Lease Revenue Refunding, Series 1998	July 1, 2014	5.45% - 6.25%	Bonds maturing on and after 7/1/09 are subject to the following optional redemptions: 7/1/08 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.	\$ 8,220,000
PIEA Bonds Taxable Lease Revenue (Kemper Garage) Series 2001	July 1, 2021	4.95% - 7.00%	Bonds maturing on and after 7/1/12 are subject to the following optional redemptions: 7/1/11 to 6/30/12 – 101%; 7/1/12 to 6/30/13 – 100.5%; 7/1/13 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.	12,715,000
PIEA Bonds Taxable Lease Revenue (300 Wyandotte) Series 2005	January 1, 2025	4.90% - 5.70%	Bonds maturing in the year 2017 and thereafter are subject to the following optional redemptions: 1/1/16 and thereafter – 100%; as a whole or in part at any time.	6,935,000
Total PIEA Bonds Outstanding				<u>\$ 27,870,000</u>
Special Obligation Bonds				
KCMO Special Obligation Bonds 2008A (Various Projects)	March 1, 2028	3.00% - 5.00%	Bonds maturing in the year 2019 and thereafter are subject to redemption in whole or in part, at the option of the City, on any day on and after March 1, 2018, at par, plus interest accrued to the redemption date.	\$ 27,595,000
KCMO Special Obligation, Series 2008B (East Village)	April 15, 2031	3.75% - 5.00%	The Series 2008B Bonds maturing in the year 2019 and thereafter are subject to redemption and payment prior to maturity, at the option of the City, on and after April 15, 2018, in whole or in part at any time, at par plus interest accrued to the redemption date.	29,310,000
KCMO Special Obligation, Series 2008C Downtown Arena Project	April 1, 2040	4.00% - 5.50%	The Series 2008C Bonds maturing in the year 2019 and thereafter are subject to redemption and payment prior to maturity, at the option of the City, on and after April 1, 2018, in whole or in part at any time, at par, plus interest accrued to the redemption date.	203,525,000

City of Kansas City, Missouri
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Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
KCMO Special Obligation, Series 2008D Downtown Arena Project	April 1, 2040	6.43% - 7.83%	The Series 2008D bonds are subject to optional redemption and payment at any time, at the option of the City, as a whole or in part at a redemption price equal to the greater of (i) 100% of the principal amount thereof or (ii) the discounted value thereof, together, in either case, with accrued interest to the redemption date.	\$ 15,940,000
KCMO Special Obligation, Series 2008E Bartle Hall Convention Center Project	April 15, 2034	Variable Rate Bonds - Series 2008E initially bear interest in the weekly interest rate period	The Series 2008E bonds bearing interest at a weekly interest rate are subject to optional redemption by the City, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.	81,400,000
KCMO Special Obligation, Series 2008F Bartle Hall Convention Center Project	April 15, 2025	Variable Rate Bonds - Series 2008F initially bear interest in the weekly interest rate period	The Series 2008F bonds bearing interest at a weekly interest rate are subject to optional redemption by the City, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.	20,865,000
KCMO Special Obligation Series 2009A 909 Walnut Parking Facility Project	February 1, 2024	Variable Rate Bonds - Series 2009A initially bear interest in the weekly interest rate period	The Series 2009A bonds bearing interest at a weekly interest rate are subject to optional redemption by the City, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.	7,490,000
KCMO Special Obligation Series 2009B President Hotel Project	March 1, 2028	Variable Rate Bonds - Series 2009B initially bear interest in the weekly interest rate period	The Series 2009B bonds bearing interest at a weekly interest rate are subject to optional redemption by the City, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.	17,400,000

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Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
KCMO Special Obligation Series 2009C Chouteau I-35 Project	March 1, 2024	Variable Rate Bonds - Series 2009C initially bear interest in the weekly interest rate period	The Series 2009C bonds bearing interest at a weekly interest rate are subject to optional redemption by the City, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.	\$ 6,485,000
KCMO Special Obligation Series 2009D Chouteau I-35 Project	March 1, 2023	Variable Rate Bonds - Series 2009D initially bear interest in the weekly interest rate period	The Series 2009D bonds bearing interest at a weekly interest rate are subject to optional redemption by the City, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.	5,760,000
Total Special obligations outstanding				<u>\$ 415,770,000</u>
Land clearance for special obligations outstanding Redevelopment Authority (LCRA) Bonds				
LCRA Bonds Muehlebach/ Municipal Auditorium Parking Garage, Series 2005E	December 1, 2018	3.50% - 5.00%	Bonds maturing on and after 12/1/16 are subject to the following optional redemptions: 12/1/2015 and thereafter—100%, as a whole or in part at any time.	\$ 26,815,000
LCRA Bonds MAST, Series 1996A	January 1, 2016	3.80% - 5.45%	Bonds maturing on and after year 2007 are subject to the following optional redemptions: 1/1/09 and 7/1/09—100.5%; 1/1/10 and thereafter—100%, as a whole or in part on any interest payment date in inverse order of maturity.	**\$0.00 (See footnote on last page)
Total LCRA bonds outstanding				<u>\$ 26,815,000</u>
MTFC Loan	November 19, 2017	4.20%		\$ 3,827,631
Total MTFC Loan				<u>\$ 3,827,631</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
Industrial Development Authority (IDA) Bonds				
IDA Bonds Century Towers Project, Series 2001	July 1, 2021	3.35%	The Series 2001 bonds shall be subject to redemption and payment prior to maturity, as a whole at any time or in part on the first business day of any month, at a redemption price equal to the sum of (a) 100% of the principal amount thereof, (b) the amount of the Breakage Premium and (c) accrued interest to the redemption date.	\$ 16,055,000
IDA Bonds KC Live Project, Series 2005A	December 1, 2032	4.00% - 5.50%	Following the fixed rate conversion date, the Series 2005A bonds maturing on or after December 1, 2018 are subject to redemption and payment prior to maturity, at the option of Authority, which at the written direction from the City, in whole or in part at any time, on and after December 1, 2017 at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date thereof.	114,915,000
IDA Bonds KC Live Project, Series 2005B, 2006A and 2006B	December 1, 2032	Variable Rate Bonds - initially bonds bear interest at a weekly interest rate period	The Series 2005B, 2006A and 2006B bearing interest at a weekly interest rate are subject to optional redemption in whole or in part at any time at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.	180,620,000
IDA Civic Mall/Cherry Inn, Series 2006C	December 1, 2015	4.00% - 5.00%	Series 2006C are not subject to optional call.	4,575,000
IDA Bonds Uptown/Midtown Refunding Series 2007A	April 1, 2022	4.00% - 5.00%	Bonds maturing in the year 2018 and thereafter are subject to the following optional redemptions: 4/1/17 and thereafter – 100%; as a whole or in part at any time.	40,745,000
Total IDA bonds outstanding				\$ <u><u>356,910,000</u></u>

City of Kansas City, Missouri
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Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
Tax Increment Financing (TIF) Bonds:				
TIF Blue Parkway Town Center, Series 2004	July 1, 2027	3.50% - 5.00%	Bonds maturing on and after 7/1/14 are subject to optional redemption at par in whole or in part at any time equal to 100% of par amount.	\$ 8,564,230 (*See footnote last page)
Total TIF Bonds Outstanding				<u>\$ 8,564,230</u>
Water Revenue Bonds, and Leases				
Revenue Bonds, Water Subordinate Series 2008A	December 1, 2027	4.66%	Bonds may be called for redemption and payment prior to their stated maturity on June 1, 2018 and, thereafter 100% as a whole or in part at any time in such amount for each stated maturity.	\$ 35,000,000
Revenue Bonds, Water Refunding and Improvement Revenue Bonds Series 2009A	December 1, 2032	2.00% - 5.25%	Bonds maturing on and after December 1, 2019 are subject to redemption prior to maturity, at the option of the City, in whole or in part at any time on or after December 1, 2018, at the principal amount thereof, together with accrued interest thereon to date of redemption at a redemption price equal to 100%.	198,915,000
Water Lab Equipment, 2005	December 25, 2010	3.88%	Subject to prepayment.	74,591
Water AMR Lease, 2007	May 25, 2017	3.99%	Subject to prepayment.	10,609,670
Total Water Revenue Bonds and Leases				<u>\$ 244,599,261</u>

City of Kansas City, Missouri
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Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
Sewer Revenue Bonds, Leases and Loans				
Revenue Bonds Sewer System, Series 1992B (State Revolving Fund)	July 1, 2013	4.50% - 6.55%	Original optional redemption was as follows: Bonds maturing 7/1/13 may be called for redemption and payment in whole or in part on each June 1 and December 1 to 100% This optional redemption was amended by ordinance No. 010579 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.	\$ 475,000
Revenue Bonds Water Pollution Control, Series 1995B (State Revolving Fund)	January 1, 2015	4.50% - 7.75%	Original optional redemption was as follows: Bonds maturing after 1/1/06 may be called for redemption in whole or in part on each June 1 and December 1 - 100% This optional redemption was amended by ordinance No. 010579 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.	8,290,000
Revenue Bonds Water Pollution Control, Series 1996A (State Revolving Fund)	January 1, 2016	3.60% - 7.00%	Original optional redemption was as follows: Bonds maturing after 1/1/07 may be called for redemption in whole or in part on any date at 100% This optional redemption was amended by ordinance No. 010579 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.	11,550,000
Revenue Bonds Sewer, Series 1997A, (State Revolving Fund)	January 1, 2017	3.95% - 5.75%	Original optional redemption was as follows: Bonds maturing after 1/1/08 may be called for redemption in whole or in part at 100% This optional redemption was amended by ordinance No. 010579 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.	10,070,000

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Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
Revenue Bonds Sewer, Series 1998A, (State Revolving Fund)	January 1, 2019	3.90% - 5.25%	Bonds maturing on and after 1/1/09 are subject to redemptions in whole or in part on any date with the consent of the bondholder or on each June 1 and December 1 at the following redemption prices: 6/1/08 - 5/31/09 - 101%; 6/1/09 - 5/31/10 - 100.5%; 6/1/10 and thereafter - 100%.	\$ 5,640,000
Revenue Bonds Sewer, Series 1999A, (State Revolving Fund)	January 1, 2020	3.625% - 5.25%	Original optional redemption was as follows: Bonds maturing on and after 1/1/10 may be called for redemption in whole or in part on any date with the consent of the bondowner or on each June 1 and December 1 at the following redemption dates and prices: 6/1/09 to 5/31/10 - 101% 6/1/10 to 5/31/11 - 100.5% 6/1/11 and thereafter - 100% This optional redemption was amended by ordinance No. 040140 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.	3,880,000
Revenue Bonds Sewer, Series 2000A, (State Revolving Fund)	July 1, 2020	4.60% - 5.75%	Original optional redemption was as follows: Series 2000A maturing on 7/1/11 may be called for redemption and payment prior to maturity in whole or in part on any date with the consent of the bondowner on each June 1 and December 1, commencing 6/1/10 at the redemption price of 100%. This optional redemption was amended by ordinance No. 040140 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.	8,390,000
Revenue Bonds Sewer, Series 2000B, (State Revolving Fund)	July 1, 2020	4.25% - 5.625%	Original optional redemption was as follows: Series 2000B maturing 7/1/13 may be called for redemption and payment prior to maturity in whole or in part on any date on and after 9/1/10 with the consent of the bondowner or on each June 1 and December 1, commencing 12/1/10 at the redemption price of 100%. This optional redemption was amended by ordinance No. 040140 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.	7,560,000

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Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
Revenue Bonds Sewer Refunding, Series 2001A	March 1, 2012	3.75% - 4.25%	No optional call.	\$ 2,030,000
Revenue Bonds Sewer, Series 2001B, (State Revolving Fund)	July 1, 2022	3.00% - 5.375%	Bonds maturing on 7/1/22 may be called for redemption and payment prior to maturity as a whole or in part on any date on and after 6/1/11 with the consent of bondowner or on each June 1 and December 1 commencing 6/1/11 without premium.	12,655,000
Revenue Bonds Sewer, Series 2002D-1	January 1, 2022	4.00% - 5.375%	Bonds maturing on 1/1/13 may be called for redemption, as a whole or in part on 1/1/12 and on any date thereafter at par.	8,325,000
Revenue Bonds Sewer, Series 2002D-2	January 1, 2012	4.00% - 6.00%	No optional call.	830,000
Revenue Bonds Sewer, Series 2002J	July 1, 2022	2.00% - 5.50%	The bonds maturing on 7/1/13 and thereafter may be called for redemption and payment prior to maturity as a whole or in part on any date with the consent of bondholder or on each June 1 and December 1, commencing 12/1/12 without premium.	7,520,000
Revenue Bonds Sewer, Series 2004A	January 1, 2024	2.00% - 4.75%	Bonds maturing on and after 1/1/15 are subject to the following optional redemptions: 1/1/14 and thereafter - 100%, as a whole at any time or in part, on any interest payment date.	16,005,000
Revenue Bonds Sewer, Series 2004H	January 1, 2025	3.00% - 5.25%	Bonds maturing on 1/1/15 and thereafter, except as provided below, may be called for redemption prior to maturity in whole or in part on any date with the consent of the bondowner or on each June 1 and December 1, commencing 12/1/13 at the redemption price of 100%. Bonds maturing on 1/19, 1/20 and 1/21 are not subject to redemption.	8,685,000
Revenue Bonds Sewer, Series 2005B	January 1, 2025	3.00% - 5.00%	Bonds maturing on and after 1/1/16 are subject to the following optional redemption: 1/1/15 and thereafter - 100%, as a whole at any time or in part, on any interest payment date.	13,320,000
Revenue Bonds Sewer Series 2007A	January 1, 2032	4.00% - 5.00%	Bonds maturing on and after 1/1/18 are subject to the following optional redemption: 1/1/17 and thereafter - 100%, as a whole or in part at any time.	39,000,000
Revenue Bonds Sewer Series 2009A	January 1, 2034	2.50% - 5.25%	Bonds maturing on and after 1/1/20 are subject to the following optional redemption: 1/1/19 and thereafter-100%, as a whole or in part at any time.	69,480,000
Total Sewer Revenue Bonds Outstanding				\$ <u>233,705,000</u>

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Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
Storm Water Loan				
Storm Water Loan, Series 2000	December 1, 2020	1.70%	Not applicable	\$ 815,100
Storm Water Loan, Series 2001 & 2002	December 1, 2021	1.60%	Not applicable	4,008,000
Storm Water Loan, Series 2007	June 1, 2027	1.40%	Not applicable	492,400
Total Storm Water Loans Outstanding				\$ <u>5,315,500</u>
Airport Revenue Bonds Gen Imp, Series 2003A	September 1, 2027	3.60% - 5.75%	Bonds maturing on and after 9/1/13 are subject to the following optional redemptions: 9/1/12 and thereafter - 100%, as a whole or in part, on any interest payment date.	\$ 74,535,000
Airport Revenue Bonds Gen Imp, Series 2003B	September 1, 2018	4.25% - 5.375%	Bonds maturing on and after 9/1/13 are subject to the following optional redemptions: 9/1/12 and thereafter - 100%, as a whole or in part, on any interest payment date.	53,055,000
Airport Revenue Bonds Gen Imp, Series 2004E	September 1, 2012	3.00% - 5.25%	No optional redemptions.	23,375,000
Airport Revenue Bonds Subordinated Taxable Imp CFC Series 2005C	September 1, 2020	5.00% - 5.25%	Bonds maturing on 9/1/16 are subject to the following optional redemptions: 9/1/15 and thereafter - 100%, as a whole or in part, on any interest payment date.	50,875,000
Airport Revenue Bonds Gen Impr. Refunding, Series 2005H	September 1, 2009	4.00% - 5.00%	No optional redemptions.	7,955,000
Airport Revenue Bonds Gen Impr. Refunding Series 2008A	September 1, 2014	4.00% - 4.92%	No optional redemptions	28,580,000
Total Airport Revenue Bonds Outstanding				\$ <u>238,375,000</u>
Passenger Facility Charge (PFC) Revenue Bonds:				
PFC Revenue Bonds, Series 2001	April 1, 2026	5.00%	The bonds maturing on and after 4/1/12 are subject to the following optional redemptions: 4/1/11 to 3/31/12 - 101%; 4/1/12 to 3/31/13 - 100.5%; 4/1/13 and thereafter - 100%, as a whole at any time or in part, on any interest payment date.	\$ 112,965,000
Total PFC Bonds Outstanding				\$ <u>112,965,000</u>

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Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
Special Facility Revenue Bonds:				
Special Facility Revenue Bonds American Airlines Series 2005G	September 1, 2029	4.00% - 5.625%	Bonds maturing on and after 9/1/16 are subject to the following optional redemption: 9/1/15 and thereafter - 100%, as a whole or in part, on any interest payment date.	\$ 29,880,000
Total Special Facility Revenue Bonds Outstanding				<u>\$ 29,880,000</u>

- * The outstanding balance is based on the projected future loss contingency liability calculated by the City at the end of April 30, 2009.
** The liability on the bonds is recorded in the Metropolitan Ambulance Services Trust book.

Variable Rate Demand Bonds

The City has issued various variable rate demand bonds amounting to \$320,020,000 at April 30, 2009. These bonds are remarketed on a periodic basis and are supported by liquidity agreements in the event the bonds are not able to be remarketed. The liquidity agreements have varying expiration dates from March 24, 2010 through March 15, 2012. Any advances made under the liquidity agreements are generally converted to installment loans payable over a period of two to five years. The additional portion of the bonds that could be required to be repaid under the demand provisions or the liquidity agreements is not reflected as current in the schedules above, but has been included as due within one year in the statement of net assets. At April 30, 2009, all variable rate bonds had been successfully remarketed.

Discussion on Swap Agreements with Citibank, N.A. ("Citibank"), New York, relating to the Kansas City, Missouri Special Obligation Refunding Bonds (H. Roe Bartle Convention Center Project) Series 2008E and 2008F ("Bartle Hall Bonds") and with Barclays Bank PLC ("Barclays") and UBS AG ("UBS AG"), relating to the Industrial Development Authority of the City of Kansas City, Missouri ("IDA") Variable Rate Demand Tax-Exempt Revenue Bonds, Series 2005B and 2006A (the "Hedged IDA Bonds").

The Bartle Hall Bonds

Citibank, (the "Swap Counterparty") and the Kansas City Municipal Assistance Corporation ("KCMAC") previously entered into a certain ISDA Master Agreement dated as of October 18, 2004, including Schedule, Credit Support Annex and Confirmations (the "Original Swap Agreement – Bartle Hall Project") with respect to the KCMAC Series 2004A and Series 2005 Bonds (collectively referred to herein as "KCMAC Refunded Bonds"). The KCMAC Refunded Bonds were issued to finance the City's H. Roe Bartle Convention Center Project.

The City refunded the KCMAC Refunded Bonds by issuing its Kansas City, Missouri Special Obligation Refunding Bonds, Series 2008E and 2008F (collectively referred to herein as "City Refunding Bonds"). At the time of the refunding, KCMAC assigned to the City all of its rights and obligations under the Original Swap Agreement - Bartle Hall Project pursuant to an Assignment and Assumption Agreement among KCMAC, the City and the Swap Counterparty.

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In connection with the refunding, the terms and conditions of the Original Swap Agreement – Bartle Hall Project were amended on August 13, 2008, pursuant to the Amendment to the ISDA Master Agreement (the “Amendment”) and the original Confirmations for the Series 2004A Bonds and Series 2005 Bonds were amended by Amended and Restated Transactions for the Series 2008E Bonds and Series 2008F Bonds, respectively. The Original Swap Agreement – Bartle Hall Project, as amended by the Amendment and the Amended and Restated Transactions, is referred to as the “Amended Swap Agreement – Bartle Hall Project.”

The following are some of the significant amendments made to the Original Swap Agreement – Bartle Hall Project, pursuant to the Assignment and the Amended Swap Agreement – Bartle Hall Project, effective as of August 13, 2008.

- References to the applicable series of Bonds were changed from the prior KCMAC Refunded Bonds to the City Refunding Bonds, as were references to the applicable Indenture.
- The Swap Counterparty relinquished its rights to make a claim under, or receive payment pursuant to the terms of the swap insurance policies with Ambac. The swap insurance policies have no further force or effect and no longer insure any of the Swap Counterparty payment obligations under the Original Swap Agreement – Bartle Hall Project.
- The “Additional Termination Event” section of the Schedule was amended and one of the amendments pertains to the City’s credit ratings. The City’s obligations that are subject to budget and appropriation must not fall below “BBB” from S&P or below “Baa2” from Moody’s in order to avoid a termination event.
- Changes were made to the fixed rate and to the floating rate option relating to each of the Series 2008E Bonds and the Series 2008F Bonds as set forth in the Significant Term tables below.
- The responsibilities assumed by the City include the obligation to make regularly scheduled payments and non-scheduled payments, to the extent of moneys budgeted and appropriated therefor.

Under the Indenture of Trust dated August 1, 2008, for each of the Series 2008E Bonds and Series 2008F Bonds, the City states its intention to budget and appropriate, on or before the last day of each fiscal year, moneys sufficient to pay all debt service payments, regularly scheduled payments and reasonably estimated additional payments for the next succeeding fiscal year. The City’s total annual debt service payments are equal to the principal and interest payable on the City Refunding Bonds, increased or decreased by any payments made or received by the City under the Amended Swap Agreement - Bartle Hall Project, which effectively “fix” the total debt service payments due on the City Refunding Bonds.

The purpose of the Amended Swap Agreement – Bartle Hall Project is to provide cash flow stability by hedging the periodic interest payments due on the variable rate City Refunding Bonds. Citibank paid the City’s swap advisor fee in the amount of \$35,000 each for the KCMAC Refunding Bonds.

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Significant Terms - 2004A Original Swap and 2008E Amended Swap

	<u>2004A Original Swap</u>	<u>2008E Amended Swap</u>
Counterparty	Citibank, N.A., New York	Citibank, N.A., New York
Moody's(1)	A1	A1
S&P(2)	A+	A+
Fitch(3)	A+	A+
Trade Date	18-Oct-2004	18-Oct-2004
Effective Date	19-Oct-2004	13-Aug-2008
Initial Notional	80,885,000	80,885,000
Termination Date	15-Apr-2034	15-Apr-2034
Fixed Rate	3.673%	3.677%
Variable Rate	Bond Rate†	68% of the USD-LIBOR-BBA
Collateral	City Does not Have to Post Collateral	City Does not Have to Post Collateral

Source: Moody's and S&P ratings came from Derivactiv - Derivative Management Services Report dated August 18, 2009. Fitch's rating came from Bloomberg dated as of August 19, 2009.

- (1) Senior Unsecured Debt Rating
- (2) Long Term Local Issuer Credit Rating
- (3) Long Term Issuer Default Rating

†Note: The actual bond rate, but upon occurrence of an alternative floating rate date, the alternative floating rate option, which was 62.6% of the USD-LIBOR-BBA plus 0.30% spread.

Significant Terms – 2005 Original Swap and 2008F Amended Swap

	<u>2005 Original Swap</u>	<u>2008F Amended Swap</u>
Counterparty	Citibank, N.A., New York	Citibank, N.A., New York
Moody's(1)	A1	A1
S&P(2)	A+	A+
Fitch(3)	A+	A+
Trade Date	18-Oct-2004	18-Oct-2004
Effective Date	19-Jan-2005	13-Aug-2008
Initial Notional	20,610,000	20,610,000
Termination Date	15-Apr-2025	15-Apr-2025
Fixed Rate	3.655%	3.667%
Variable Rate	Bond Rate†	68% of the USD-LIBOR-BBA
Collateral	City Does not Have to Post Collateral	City Does not Have to Post Collateral

Source: Moody's and S&P ratings came from Derivactiv - Derivative Management Services Report dated August 18, 2009. Fitch's rating came from Bloomberg dated as of August 19, 2009.

- (1) Senior Unsecured Debt Rating
- (2) Long Term Local Issuer Credit Rating
- (3) Long Term Issuer Default Rating

†Note: The actual bond rate, but upon occurrence of an alternative floating rate date, the alternative floating rate option, which was 62.6% of the USD-LIBOR-BBA plus 0.30% spread.

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Fair Value

The Series 2008E portion of the Amended Swap, if it were terminated, had a negative fair value of \$16,673,348 as of April 30, 2009. The 2008F portion of the Amended Swap, if it were terminated, had a negative fair value of \$3,322,088 as of April 30, 2009 (source: Derivactiv).

Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. Each fair value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions and based on accepted industry standards and methodologies.

The IDA Bonds (Series 2005A, 2005B, 2006A and 2006B)

The City and Kansas City Live, LLC, a Maryland limited liability company, an affiliate of The Cordish Company, entered into a Master Development Agreement, dated April 27, 2004 to develop the KC Live Redevelopment Project (the "Project"). The IDA Bonds were issued pursuant to an Indenture of Trust dated as of March 1, 2005, (the "KC Live Original Indenture") as subsequently amended and supplemented by a First Supplemental Indenture of Trust, dated as of July 1, 2006, (the "KC LIVE First Supplemental Indenture"). In connection with the conversion of the Series 2005A Bonds to a fixed interest rate period and the inclusion of interest rate swap provisions, the KC Live Original Indenture, as amended and supplemented by the KC Live First Supplemental Indenture, was amended and restated pursuant to an Amended and Restated Indenture of Trust, dated as of June 1, 2007, as further amended and supplemented by a Series 2005A Series Supplement, dated as of June 6, 2007. Two series of the IDA Bonds, the Series 2005B Bonds and the Series 2006A Bonds (the "Hedged IDA Bonds"), are the subject of interest rate swap transactions as described below.

The IDA Bonds, except for the Series 2005A Bonds on which the interest rate has been fixed to maturity, were remarketed in March 2009 and the Amended and Restated Indenture was amended and supplemented by a KC Live Second Supplemental Indenture of Trust, dated March 1, 2009. The IDA Bonds are secured by the revenue of the project, including economic activity taxes, payments in lieu of taxes, city revenues, DESA tax revenues, TDD revenues and any other amounts credited to the revenue fund created under the KC Live Original Indenture. Application of City revenues, including economic activity taxes and TIF revenues are subject to annual appropriation by the City.

With respect to the IDA Bonds, the City's total annual debt service expense is equal to the principal and interest payable on the IDA Bonds, increased or decreased by any payments made or received by the City under the terms of swap agreements relating to the Hedged IDA Bonds, described as follows:

1. the interest rate swap transaction entered into and described in the Confirmation Letter between the IDA and UBS AG, Stamford Branch ("UBS") trade dated as of December 20, 2007, with UBS reference number 37918977 and initial notional amount of \$87,415,000 (with the respective ISDA Master Agreement, Schedule and Credit Support Annex, the "UBS-IDA 2007 Swap Agreement"); and

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2. either:

- (a) prior to December 5, 2008, the interest rate swap transaction entered into and described in the Confirmation Letter between the IDA and Lehman Brothers Special Financing Inc. ("LBSF") trade dated as of December 20, 2007, with LBSF Global ID number 3545415 and initial notional amount of \$47,070,000 (with the respective ISDA Master Agreement, Schedule and Credit Support Annex, the "LBSF-IDA 2007 Swap Agreement"); or
- (b) on and after December 5, 2008, the interest rate swap transaction entered into and described in the Confirmation Letter between the IDA and Barclays Bank PLC ("Barclays"), trade dated as of December 5, 2008, with Barclays Global ID number 40000449 and initial notional amount of \$47,070,000 (with the respective ISDA Master Agreement, Schedule and Credit Support Annex, the "Barclays-IDA 2008 Swap Agreement") (The Barclays-IDA 2008 Swap Agreement replaced the LBSF-IDA 2007 Swap Agreement).

The UBS-IDA 2007 Swap Agreement and, as applicable during the applicable time period, the Barclays-IDA 2008 Swap Agreement or the LBSF-IDA 2007 Swap Agreement, shall be collectively referred to herein as the "IDA Swap Agreements," and the UBS and, as applicable, Barclays or LBSF, swap transactions are collectively referred to as the "IDA Swaps."

The UBS-IDA 2007 Swap Agreement requires that the IDA pay its counterparty a fixed interest rate of 3.287% and in return, IDA receives 68% of USD-LIBOR-BBA. The Barclays-IDA 2008 Swap Agreement requires that the IDA pay its counterparty a fixed interest rate of 3.271% and in return, IDA receives 68% of USD-LIBOR-BBA. The LBSF-IDA 2007 Swap Agreement, prior to its termination, required that the IDA pay its counterparty a fixed interest rate of 3.287% and in return, IDA received 68% of USD-LIBOR-BBA.

The amortizing notional amounts of the IDA Swaps equal the amortizing principal amounts of the outstanding Hedged IDA Bonds and the IDA Swap Agreements effectively "fix" the total debt service due on the Hedged IDA Bonds. For the IDA Swap Agreements, the total principal amount of series 2005B and 2006A bonds of \$134,485,000 has been divided between UBS (65%) and Barclays or LBSF, as applicable (35%). Pursuant to a Financing Agreement with the IDA, the City agreed, subject to annual appropriation, to make payments to the IDA to pay debt service on the KC Live Bonds.

The purpose of the IDA Swaps is to provide cash flow stability by hedging the periodic interest payments due on the variable rate Series 2005B and 2006A Bonds. There was no cash paid or received by the IDA, UBS or LBSF when the UBS-IDA 2007 and LBSF-IDA Swap Agreements were executed. Please see discussion of the upfront payment made by Barclays to the City in the next section.

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Termination of LBSF Swap Agreement and Selection of Barclays as replacement Swap Counterparty

As noted above, the City initially entered into the LBSF-IDA 2007 Swap Agreement with LBSF relating to \$47,070,000 notional amount of the Hedged IDA Bonds. On September 15, 2008, Lehman Brothers Holdings, Inc, the credit support provider for LBSF, instituted a proceeding under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court in the Southern District of New York. Subsequently, on October 3, 2008, LBSF instituted a proceeding under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court in the Southern District of New York.

Filing a petition for protection under the bankruptcy code triggered certain default provisions pursuant to the LBSF-IDA 2007 Swap Agreement. Specifically, a petition of bankruptcy by LBSF constitutes an event of default which gave the City the right to terminate the LBSF-IDA Swap per the early termination provisions outlined in section (6) of the agreement. Pursuant to section (6(a)) of the LBSF-IDA 2007 Swap Agreement, termination may be effected by implementation of the "Market Quote" method as detailed in the LBSF-IDA Swap. Ordinance No. 081030, passed by the City Council on October 16, 2008, approved the termination of the LBSF-IDA 2007 Swap Agreement and authorized the entering into of one or more substitute and replacement swap agreements by IDA.

Accordingly, pursuant to Section 6(a) of the LBSF-IDA 2007 Swap Agreement, market quotes were obtained and the IDA designated December 5, 2008, as the early termination date for the LBSF-IDA 2007 Swap Agreement. The market value of the LBSF-IDA 2007 Swap Agreement on the termination date was determined to equal \$5,907,500. After deducting reimbursable expenses and adding additional payments (unpaid regularly scheduled payments, accrued interest, etc.) due to LBSF, the total net termination payment was \$5,986,667, made on February 13, 2009, the date of execution of the Barclays-IDA 2008 Swap Agreement as described below. As of August 10, 2009, the IDA and City have not yet received confirmation from LBSF that it accepts the IDA's and City's calculation of the market value on the termination date or the amount of the termination payment.

The City's swap financial advisor sent out a request for proposal for a replacement counterparty in December 2008. Through a competitive bidding process, Barclays was selected as the replacement counterparty to the IDA. Barclays market quotation of the LBSF-IDA 2007 Swap was \$6,062,000 and was reduced by \$89,305 to set the synthetic fixed interest rate at 3.271%. After considerable negotiation, a replacement ISDA Master Agreement, including Schedule and Credit Support Annex thereto, dated as of December 5, 2008, (collectively, the "Barclays-IDA 2008 Swap Agreement") between the IDA and Barclays and the associated confirmation, dated as of December 5, 2008, were collectively executed on February 13, 2009. After factoring the City's reimbursable costs, accrued interests and unpaid swap payments to LBSF, Barclays final upfront payment to IDA was calculated to be \$5,972,695.

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The following chart compares significant terms in the LBSF-IDA 2007 Swap Agreement to those in the Barclays-IDA 2008 Swap Agreement:

	<u>LBSF-IDA 2007 Swap Agreement</u>	<u>Barclays-IDA 2008 Swap Agreement</u>
Counterparty	Lehman Brothers Special Financing, Inc.	Barclays Bank PLC
Moody's(1)	Not Rated	Aa3
S&P(2)	Not Rated	AA-
Fitch(3)	Not Rated	AA-
Trade Date	20-Dec-2007	5-Dec-08
Effective Date	24-Dec-2007	15-Dec-08
Initial Notional	47,070,000	47,070,000
Termination Date	01-Dec-2032	01-Dec-2032
Fixed Rate	3.287%	3.271%
Variable Rate	68% of USD-LIBOR-BBA	68% of USD-LIBOR-BBA
Collateral	City does not post collateral	City posts collateral in the event of a downgrade

Source: Moody's, S&P and Fitch ratings came from Derivactiv - Derivative Management Services Report dated August 18, 2009.

- (1) Senior Unsecured Debt Rating
- (2) Long Term Local Issuer Credit Rating
- (3) Senior Unsecured Issuer Default Rating

Significant Terms of UBS

	<u>UBS-IDA 2007 Swap Agreement</u>
Counterparty	UBS, AG
Moody's(1)	Aa2
S&P(2)	A+
Fitch(3)	A+
Trade Date	20-Dec-2007
Effective Date	24-Dec-2007
Initial Notional	87,415,000
Termination Date	01-Dec-2032
Fixed Rate	3.287%
Variable Rate	68% of USD-LIBOR-BBA
Collateral	City does not post collateral

Source: Moody's, S&P and Fitch ratings came from Derivactiv - Derivative Management Services Report dated August 18, 2009.

- (1) Senior Unsecured Debt Rating
- (2) Long Term Local Issuer Credit Rating
- (3) Senior Unsecured Issuer Default Rating

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Fair Value

The Barclays-IDA 2008 Swap, if it was terminated, had a negative fair value of \$5,230,551 as of April 30, 2009. The UBS-IDA 2007 Swap Agreement, if it was terminated, had a negative fair value of \$9,872,335 as of April 30, 2009 (source Derivactiv).

Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. Each fair value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions and based on accepted industry standards and methodologies.

Risks on Amended Swap Agreements

Because the City's debt service payments are predicated on the swap agreements, the City's debt service payments can be affected by the risks that the City is exposed to in connection with each of the swap agreements.

The following risks are generally associated with interest rate swap agreements:

Credit Risk—All swap agreements rely upon the performance of swap counterparties. The City and IDA are exposed to the risk that their counterparty or counterparties may become unable to fulfill their financial obligations under the swap agreements. The City and IDA measure the extent of this risk based upon the counterparty credit ratings and the fair value of the respective swap agreement. The credit ratings of the City's single counterparty (Citibank) and IDA's two counterparties (UBS AG and Barclays) are shown in the preceding tables.

To mitigate the risk of counterparty non-performance, under the Credit Support Annex for the Amended Swap Agreement – Bartle Hall Project, the counterparty will post collateral in the event that its credit rating is downgraded below A2 and A from Moody's and Standard and Poor's, respectively. The City is not required to post collateral.

To mitigate the risk of counterparty non-performance under the Credit Support Annex for the IDA Swap Agreements (i) under the UBS-IDA 2007 Swap Agreement, UBS will post collateral in the event that its credit rating is downgraded below A1/A+/A+ or not rated from Moody's, Standard & Poor's and Fitch, respectively, and the IDA is not required to post collateral; (ii) under the Barclays-IDA Swap Agreement, both the City and Barclays shall be required to post collateral in the event that the applicable party's credit rating is downgraded below Baa1/BBB+ by Moody's and Standard & Poor's, respectively.

As of April 30, 2009, neither the City nor IDA were exposed to actual credit risk under the swap agreements because all of the swaps had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City or IDA would be exposed to the credit risk in the amount of the swap's fair value.

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Termination Risk— Termination risk is generally referred to as the risk that a swap could be terminated causing the City or IDA to owe a termination payment as a result of any of several events, which may include: a ratings downgrade of the swap counterparty; covenant violations by either party; bankruptcy of either party; a swap payment default of either party; and other default events as defined by the swap agreements. Any such termination may require the City or IDA to make significant termination payments in the future. Refer to the “Fair Value” sections above for the approximate amount of termination payment that the City or IDA would have to pay if each of the swap agreements were terminated on April 30, 2009. The swap agreement allows for the offset of certain reimbursable costs related to the termination process.

To further mitigate the affect of termination risk the City’s Amended Swap Agreement – Bartle Hall Project contains certain safeguards which include (i) collateral posting requirement as discussed in the preceding Credit Risk section and (ii) except for certain types of termination events there is no automatic early termination.

To further mitigate the affect of termination risk, the IDA Swaps contain certain safeguards, which include (i) collateral posting requirement as discussed in the preceding Credit Risk section and (ii) additional termination provisions have been built in the event that (a) UBS AG has outstanding long-term senior, unsecured debt ratings that for any two of the following fall below “BBB+” in the case of S&P, “BBB+” in the case of Fitch or “Baa1” in the case of Moody’s or such indebtedness ceases to be rated by any of Moody’s Fitch or S&P or any such ratings are withdrawn or suspended; (b) Barclays has outstanding long-term, senior, unsecured debt ratings that for any two of the following, fall below “BBB+” in the case of S&P, “BBB+” in the case of Fitch or “Baa1” in the case of Moody’s or such indebtedness ceases to be rated by Moody’s, S&P and Fitch or any of such ratings are withdrawn or suspended and (iii) except for certain types of termination, there is no automatic early termination of the IDA Swaps and (iv) the IDA is permitted to execute an optional termination of the IDA Swaps.

If, at the time of termination, a swap has a negative fair value, the City or IDA could be liable to the counterparty or counterparties for a payment equal to the swap’s fair value. If any of the swap agreements are terminated, either the associated variable rate bonds would no longer be hedged with a synthetic fixed interest rate or the nature of the basis risk associated with the swap agreement may change. As of April 30, 2009, neither the City nor IDA is aware of any pending event that would lead to a termination event with respect to any of its existing swap agreements, which are in force and effect as of such date.

Basis Risk—Each of the swap agreements is associated with certain debt obligations. The debt associated with each of the swap agreements pays interest at variable interest rates. The City and IDA receive variable payments under the swap agreements. To the extent these variable payments are not equal to the variable interest payments on the associated debt, there may be either a net loss or net benefit to the City and/or IDA.

Tax risk is an extreme form of basis risk in which changes in the trading relationship between taxable and tax-exempt bonds reduce swap receipts to the point that they are insufficient to offset portions of any variable rate bond payments. Tax risk is inherent in any un-hedged tax-exempt variable rate bonds issued by either the City or IDA.

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For Fiscal Year 2008-2009 the following were the weekly average interest rates on the City's swap agreements:

Swap Agreements	*Weekly Average Variable Interest Rate	Weekly Average SIFMA Index	Weekly Average 68% of USD- LIBOR-BBA
Bartle Hall, Series 2008E	2.651%	1.619%	1.206%
Bartle Hall, Series 2008F	3.596%	1.619%	1.206%
KC Live , Series 2005B	3.085%	1.619%	1.206%
KC Live, Series 2006A	3.085%	1.619%	1.206%

*Based on weekly rates resets by the remarketing agents. It may not apply for bonds that were "Bank Bonds" status during Fiscal Year 2008-09.

Rollover Risk—Rollover risk occurs when the term of the swap agreement is not coincident with the repayment term of the underlying debt obligation. The City's and IDA's swap agreements have terms equal to the repayment terms of the underlying debt obligations.

Interest Rate Risk – The City is exposed to interest rate risk on its interest rate swap agreements. On its pay-fixed, receive-variable interest rate swap, to the extent these variable payments are not equal to the variable interest payments on the associated debt, there may be either a net loss or net benefit to the City and/or IDA.

Projected Debt Service Requirements:

As of April 30, 2009, the projected debt service requirements for the City's hedged variable rate debt, net of swap payments, assuming current interest rates remain constant and the swap receipt rate is equal to 68% of the USD-LIBOR-BBA for both the City Amended Swap and the IDA Swap, are shown in the tables that follow. As short-term interest rates vary, the variable rate bond interest payments and net swap payments will also vary in the future.

Bartle Hall Series 2008E

Fiscal Year	Principal	Interest @4.57%	Total Payment
2010		\$ 3,719,980	\$ 3,719,980
2011		3,719,980	3,719,980
2012		3,719,980	3,719,980
2013		3,719,980	3,719,980
2014		3,719,980	3,719,980
2015-2019		18,599,900	18,599,900
2020-2024		18,599,900	18,599,900
2025-2029		18,599,900	18,599,900
2030-2034	\$ 81,400,000	15,076,201	96,476,201
Total	\$ 81,400,000	\$ 89,475,801	\$ 170,875,801

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Assumptions

- Synthetic Fixed – 3.68%
- Swap Inefficiency in the last week of Fiscal Year 2009 – 0.21%
- Remarketing, LOC and other fees – 0.68%

Bartle Hall Series 2008F

Fiscal Year	Principal	Interest @5.56%	Total Payment
2010		\$ 1,160,094	\$ 1,160,094
2011		1,160,094	1,160,094
2012		1,160,094	1,160,094
2013		1,160,094	1,160,094
2014		1,160,094	1,160,094
2015-2019		5,800,470	5,800,470
2020-2024	\$ 2,285,000	5,800,470	8,085,470
2025	<u>18,580,000</u>	<u>1,033,047</u>	<u>19,613,048</u>
Total	\$ <u>20,865,000</u>	\$ <u>18,434,458</u>	\$ <u>39,299,458</u>

Assumptions

- Synthetic Fixed – 3.67%
- Swap Inefficiency in the last week of Fiscal Year 2009 – 1.11%
- Remarketing, LOC and other fees – 0.78%

KC Live Series 2005B and 2006A

Fiscal Year	Principal	Interest @5.53%	Total Payment
2010	\$ 775,000	\$ 7,422,735	\$ 8,197,735
2011	2,690,000	7,344,577	10,034,577
2012	2,715,000	7,195,359	9,910,359
2013	3,030,000	7,039,414	10,069,414
2014	3,375,000	6,865,495	10,240,495
2015-2019	21,125,000	31,133,808	52,258,808
2020-2024	29,990,000	24,220,755	54,210,755
2025-2029	41,455,000	14,505,559	55,960,559
2030-2034	<u>29,330,000</u>	<u>2,851,729</u>	<u>32,181,729</u>
Total	\$ <u>134,485,000</u>	\$ <u>108,579,431</u>	\$ <u>243,064,431</u>

Assumptions

- Synthetic Fixed – 3.28%
- Swap Inefficiency in the last week of Fiscal Year 2009 – 0.20%
- Remarketing, LOC and other fees – 2.05%

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Airport Revenue Bonds Refunding

In September 2008, the City issued General Improvement Airport Refunding Revenue Bonds, Series 2008A to current refund Series 1997A bonds. The total par amount for the refunding is \$28,580,000 with an interest rate ranging from 4.00% to 4.92%. The bonds current refunded \$29,495,000 of outstanding 1997A series with interest rates ranging from 5.30% - 5.50%. The net proceeds of \$29,803,445 (after allocating \$200,884 to the cost of issuance fund, payment of underwriter discount of \$92,885, funding Series 2005H Debt Service Reserve of \$2,858,000, receipt of reoffering premium of \$1,475,214 and Series 1997A Debt Service Reserve of \$2,900,000) were transferred directly to the paying agent who used it to redeem and pay off Series 1997A. As a result, the 1997A series of bonds are considered in substance defeased and the liability for those bonds has been removed from the financial statements.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,525,442. This difference, reported in the accompanying general purpose financial statements as a deduction from bonds payable, is being charged to operations through fiscal year 2015. The City completed the current refunding to reduce its total debt service payments over the next six (6) years by \$2,191,087 and to obtain an economic gain of \$1,916,889. The defeased bonds' outstanding principal balance was \$29,495,000.

Airport

Series 1997 - Current Refunding

Reacquisition price

Old Bonds Outstanding	\$ 29,495,000	
Call Premium on old bonds	<u>294,950</u>	
Funds required to refund old bonds		29,789,950

Net carrying amount of old bonds

Old bonds outstanding	\$ (29,495,000)	
Unamortized old bond issuance costs/premium/discount	<u>1,230,492</u>	
Net Carrying Amount		<u>(28,264,508)</u>

Deferred amount in refunding	\$ 1,525,442
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Old Bonds	9/3/2008	New Issue Date
Maturity Date	9/1/2014	
Remaining Life	5.99	

New Bonds	9/3/2008
	9/1/2014
	5.99

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Water Revenue Bonds Refundings

In March 2009, the City issued Water Refunding and Improvement Revenue Bonds, Series 2009A to refund the following bonds (collectively, the “Water Revenue Refunded Bonds”):

- Water Revenue Refunding Bonds, Series 1996A (Current Refunding)
- Water Revenue Bonds, Series 1996B (Current Refunding)
- Water Refunding Revenue Bonds, Series 1998A (Current Refunding)
- Water Revenue Bonds, Series 1998B (Current Refunding)
- Water Revenue Bonds, Series 2000A (Advanced Refunding)
- Water Revenue Bonds, Series 2002C (Advanced Refunding)
- Water Revenue Bonds, Series 2004D (Advanced Refunding)
- Water Revenue Bonds, Series 2005F (Advanced Refunding)

The total par amount of Series 2009 bonds was \$198,915,000. A total of \$69,000,000 of this par amount was new money to finance and refinance extensions and improvements to the waterworks system.

City of Kansas City, Missouri

Notes to Basic Financial Statements

April 30, 2009

These bonds were refunded to eliminate restrictive bond covenants and provide the City the flexibility to issue different types of bonds including subordinate, variable and synthetically fixed. With respect to the current refunding bonds, \$49,323,564 was directly sent to the escrow agent who in turn sent the appropriate share to each bonds' respective paying agents to call the refunded bonds on March 30, 2009. Additionally, provisions for the payment, discharge and satisfaction of the advanced refunded bonds in the amount of \$90,571,729 were made through irrevocably depositing in trust with the escrow agent of cash and escrowed securities. As a result of these actions, the Water Revenue Refunded Bonds are considered in substance defeased and the liability for those bonds has been removed from the financial statements. The following table provides pertinent information about the Water Revenue Refunded Bonds:

Refunded Bonds	Type of Refunding	Optional Call Dates	Par Amount of Refunding Bonds	Interest Range Refunding Bonds	Types of Investments Purchased	Reacquisition Price (RP)	Net Carrying Amount (NCA)	Difference RP - NCA	Number of Years for Deferred Amount to be Amortized	Total Years of Savings/ Dissavings	Gross Savings/ Dissavings	Economic Gain
Series 1996A	Current	3/30/2009	2,605,000	2.00% - 2.00%	Not invested	3,450,000	3,273,898	176,102	1	1	74,932	48,049
Series 1996B	Current	3/30/2009	13,970,000	2.00% - 4.00%	Not invested	14,650,000	14,650,000	-	8	8	1,374,883	1,153,719
Series 1998A	Current	3/30/2009	20,100,000	2.00% - 4.00%	Not invested	21,427,150	20,488,352	938,798	6	6	1,218,553	1,059,319
Series 1998B	Current	3/30/2009	8,405,000	2.00% - 5.00%	Not invested	8,994,050	8,847,858	146,192	10	10	742,100	621,823
Series 2000A	Advanced	12/1/2010	17,540,000	2.00% - 5.00%	SLGS/T-Strip	19,089,086	17,358,807	1,730,279	12	12	995,737	777,259
Series 2002C	Advanced	12/1/2011	13,640,000	2.00% - 5.00%	SLGS/T-Strip/Repcorp 1-Strip	14,663,746	13,251,016	1,412,730	14	14	(304,335)	(251,533)
Series 2004D	Advanced	No call. Will be paid through the maturity date of Series 2004D	24,275,000	2.00% - 5.00%	SLGS/Agency/Repcorp 1-Strip	25,923,920	24,388,219	1,535,701	15	15	(513,372)	(387,208)
Series 2005F	Advanced	No call. Will be paid through maturity date of Series 2005F	29,380,000	2.00% - 5.00%	SLGS/Agency/Repcorp 1-Strip	30,894,977	30,071,989	822,988	16	16	(1,071,541)	(755,753)
Total			129,915,000			139,092,929	132,330,139	6,762,790			2,516,957	2,265,675

Calculation of Escrow Monies

	Series 1996A	Series 1996B	Series 1998A	Series 1998B	Series 2000A	Series 2002C	Series 2004D	Series 2005F	Total
Par Amount	2,605,000	13,970,000	20,100,000	8,405,000	17,540,000	13,640,000	24,275,000	29,380,000	129,915,000
Net/Premium	19,720	571,619	610,247	589,688	1,394,816	1,000,082	1,909,445	1,926,341	8,021,958
Other Sources	905,625	563,455	1,260,188	287,562	511,804	334,577	324,362	440,706	4,628,279
Less:									-
Surety Deposit	10,022	53,744	77,326	32,335	67,478	52,474	93,388	113,027	499,794
Cost of Issuance	4,971	26,656	38,353	16,039	48,296	37,557	66,840	80,897	319,609
Underwriter's Discoun	7,792	55,755	76,200	34,083	76,266	62,212	114,013	147,326	573,648
Bond Insurance	-	67,207	-	63,812	163,956	155,900	314,230	508,705	1,273,810
Additional Proceeds	540	4,186	769	(5,248)	1,537	2,770	(3,584)	2,115	3,085
Escrow Deposits	3,507,020	14,897,526	21,777,787	9,141,229	19,089,087	14,663,746	25,923,920	30,894,977	139,895,292

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Refunding of Various Variable Rate Demand Bonds

The City refunded various variable rate demand bonds in order to avoid the accelerated repayment schedules on Bank Bonds; to rebalance the City's debt portfolio and to decrease the City's overall interest rate exposure.

Refunding of Tax-exempt Weekly Floaters

Sprint Center, Series 2008C

In July 2008, the City of Kansas City, Missouri issued \$204,525,000 of its Special Obligation Refunding Bonds (Downtown Arena Project), Series 2008C (the "Series 2008C Bonds"). The proceeds of the Series 2008C Bonds, along with other available funds of the City, were used to refund the \$210,245,000 Industrial Development Authority of the City of Kansas City, Missouri (Kansas City Downtown Arena Project), Series 2005C and Series 2006E Bonds (the "Refunded Bonds"). The interest rate of the Refunded Bonds was reset weekly through the efforts of the remarketing agent. The Refunded Bonds were secured by a AAA-rated bond insurance policy provided by Ambac and liquidity was provided through a standby bond purchase agreement provided by Dexia Credit Local ("Dexia"). Due to the financial deterioration of Ambac and subsequent credit ratings downgrades (Rating Withdrawn, Caa2 and CC by Fitch, Moody's, S&P, respectively, as of September 18, 2009), the Refunded Bonds were trading at distressed levels. In fact, the investors had tendered a certain amount of bonds to Dexia.

The Series 2008C Bonds has a final maturity of April 1, 2040, like the Refunded Bonds and has fixed interest rates ranging from 4.00% to 5.50%. Over its term, the Series 2008C Bonds will incur \$220,672,501 of interest cost assuming they are not refunded prior to maturity.

The interest rate of the Refunded Bonds was expected to trade in relation to the tax-exempt short-term SIFMA index. However, because of the downgrade and financial difficulties of Ambac, a substantial portion of the bonds were tendered to Dexia and, as of July 2008, bore interest at a rate of 5.00%.

Refunding of Taxable Weekly Floaters

Sprint Center, Series 2008D

In July 2008, the City of Kansas City, Missouri issued \$16,465,000 of its Special Obligation Refunding Bonds (Downtown Arena Project), Taxable Series 2008D (the "Series 2008D Bonds"). The proceeds of the Series 2008D Bonds, along with other available funds of the City, were used to refund the \$18,425,000 Industrial Development Authority of the City of Kansas City, Missouri (Kansas City Downtown Arena Project), Series 2005D (the "Refunded Bonds"). The interest rate of the Refunded Bonds was reset weekly through the efforts of the remarketing agent. The Refunded Bonds were secured by a AAA-rated bond insurance policy provided by Ambac and liquidity was provided through a standby bond purchase agreement provided by Dexia. Due to the financial deterioration of Ambac and subsequent ratings downgrades, the Refunded Bonds were trading at distressed levels.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

The Series 2008D Bonds have a final maturity of April 1, 2040, like the Refunded Bonds and have interest rates ranging from 6.431% to 7.830%. Over its term, the Series 2008D Bonds will incur \$27,463,382 of interest costs assuming these bonds are not refunded prior to maturity.

The interest rates of the Refunded Bonds were expected to trade in relation to the taxable one-month LIBOR index. However, because of the downgrade and financial difficulties of Ambac, a substantial portion of the bonds were tendered to Dexia and, as of July 2008, bore interest at a rate of 6.00%.

Refunding of Tax-exempt Weekly Floaters

Bartle Hall Series 2004A and 2005

The City of Kansas City, Missouri priced two variable rate transactions in August 2008. The Series 2008E and 2008F bonds were sold to refund the KCMAC Series 2004A and Series 2005 bonds, respectively, which were tied to the Bartle Hall Project. Liquidity on the Series 2004A and 2005 bonds was provided by Dexia and bond insurance was provided by Ambac. The rating actions taken against Ambac by the credit rating agencies, severely impacted the trading spreads of the Series 2004A and 2005 bonds, as compared to the benchmark SIFMA index. Negative spreads to the City averaged 2.48% since the first week of January 2008 and reached as high as 6.45% in late June 2008.

Proceeds from the sale of the \$81,400,000 Series 2008E bonds were used to refund the KCMAC Series 2004A bonds. The Series 2008E bonds are backed by a letter of credit from Bank of America. Initially, the long-term and short-term ratings on the Series 2008E bonds are AA+/A-1+ from Standard and Poor's, AA-/F1+ from Fitch and Aaa/VMIG 1 from Moody's. As of September 18, 2009, the long-term and short-term ratings on the Series 2008E are A+/A-1 from Standard and Poor's, A+/F1+ from Fitch and Aa3/VMIG 1 from Moody's. These ratings are based on the credit strength and liquidity capabilities of Bank of America. The initial bond rate was set at 1.65%. As a comparison, the last interest rate reset on the Series 2004A bonds was 6.50%. In conjunction with the pricing of the Series 2008E bonds, the City also repriced an interest rate swap tied to the bonds. The revised swap rate is 3.677%.

Dexia provided the letter of credit for the Series 2008F bonds. Initially, ratings on the Series 2008F bonds based on the Dexia letter of credit are AA/A1+ from Standard and Poor's, AA+/F1+ from Fitch and Aa1/VMIG 1 from Moody's. As of September 18, 2009, the long-term and short-term ratings on the Series 2008F are A/A-1 from Standard and Poor's, A+/F1+ from Fitch and A1/VMIG 1 from Moody's. The Series 2008F bonds were issued in the amount of \$20,865,000 for the purpose of refunding the KCMAC Series 2005 bonds. The initial bond rate was also 1.65%. As with the 2008E bonds, the Series 2008F bonds also had an interest rate swap tied to them. The swap was repriced at a 3.667% rate.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Refunding of Taxable Weekly Floaters

909 Walnut Project Series 2005

The City of Kansas City, Missouri priced a variable rate refunding transaction in March 2009. The Series 2009A bonds were sold to refund the Tax Increment Financing Commission ("TIFC") Series 2005 bonds. Liquidity and bond insurance on the Series 2005 bonds were provided by US Bank, N.A. and Ambac, respectively. Rating actions taken against Ambac impacted the trading spreads of the Series 2005 bonds, as compared to one month LIBOR rates. Negative spreads to the City averaged 7.56% since the first week of January 2009.

Proceeds from the sale of the \$7,490,000 Series 2009A bonds were used to refund the TIFC Series 2005 bonds. The Series 2009A bonds are backed by a letter of credit from US Bank, N.A. Initially the long-term and short-term ratings on the Series 2009A bonds are AA+/A-1+ from Standard and Poor's, AA-/F1+ from Fitch and Aa1/VMIG 1 from Moody's. As of September 18, 2009, the long-term and short-term ratings on the Series 2009A bonds are AA-/A-1+ from Standard and Poor's, AA-/F1+ from Fitch and Aa1/VMIG 1 from Moody's. These ratings are based on the credit strength and liquidity capabilities of US Bank, N.A. The initial bond rate was set at 1.50%. For comparison, the last interest rate reset on the Series 2005 bonds was 8%.

President Hotel Project Series 2004

The City of Kansas City, Missouri priced a variable rate refunding transaction in April 2009. The Series 2009B bonds were sold to refund the TIFC Series 2004 bonds. Liquidity and bond insurance on the Series 2004 bonds were provided by JPMorgan Chase Bank and MBIA, Inc. respectively. Rating actions taken against MBIA (Rating Withdrawn, B3 and BBB by Fitch, Moody's and Standard and Poor's as of July 6, 2009) impacted the trading spreads of the Series 2004 bonds, as compared to one month LIBOR rates. Negative spreads to the City averaged 2.79% since the first week of January 2009.

Proceeds from the sale of the \$17,400,000 Series 2009B bonds were used to refund the TIFC Series 2004 bonds. The Series 2009B bonds are backed by a letter of credit from JPMorgan Chase Bank, N.A. Long-term and short-term ratings on the Series 2009B bonds are AA-/A-1+ from Standard and Poor's, AA-/F1+ from Fitch and Aa1/VMIG 1 from Moody's. As of September 18, 2009, there are no changes in the ratings of Series 2009B. These ratings are based on the credit strength and liquidity capabilities of JPMorgan. The initial bond rate was set at 0.85%. For comparison, the last interest rate reset on the Series 2004 bonds was 3.25%.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Refunding of Tax-exempt and Taxable Weekly Floaters

Chouteau I-35 Project Series 2003A and 2003B

The City of Kansas City, Missouri priced two variable rate transactions in April 2009. The Series 2009C and 2009D bonds were sold to refund the TIFC Series 2003A and Series 2003B bonds, respectively, which were tied to the Chouteau I-35 project. Liquidity and bond insurance on the Series 2003A and 2003B bonds were provided by JPMorgan Chase Bank and MBIA, respectively. Rating actions taken against MBIA impacted the trading spreads of the Series 2003A and 2003B bonds, as compared to the benchmark SIFMA index and one month LIBOR rates. Since the first week of January 2009, negative spreads to the Series 2003A averaged 3.45% as compared to the SIFMA index and negative spreads on Series 2003B averaged 5.54% as compared to one month LIBOR rates.

Proceeds from the sale of the \$6,485,000 Series 2009C and \$5,760,000 Series 2009D bonds were used to refund the TIFC Series 2003A and 2003B bonds, respectively. Both Series 2009C and 2009D bonds are backed by a letter of credit from JPMorgan Chase Bank, N.A. Long-term and short-term ratings on the Series 2009C and Series 2009D bonds are AA-/A-1+ from Standard and Poor's, AA-/F1+ from Fitch and Aa1/VMIG 1 from Moody's. As of September 18, 2009, there are no changes in the ratings of Series 2009B. These ratings are based on the credit strength and liquidity capabilities of JPMorgan, Chase Bank N.A. The initial bond rates were set at 0.55% and 0.85% on Series 2009C and 2009D, respectively. For comparison, the last interest rate reset on the Series 2003A and 2003B bonds were 4.00% and 6.00%, respectively.

Re-issuance of Tax-exempt Weekly Floaters

KC Live Series 2005B, 2006A and 2006B

The City of Kansas City, Missouri re-issued three variable rate transactions in March 2009. The Series 2005B, Series 2006A and Series 2006B (collectively, the "KC Live Bonds") are tied to the Kansas City Downtown Redevelopment, KC Live project. Prior to re-issuance, liquidity and bond insurance on the KC Live Bonds were provided by Depfa Bank and Ambac. Rating actions taken against Ambac and Depfa Bank impacted the trading spreads of the bonds, as compared to the benchmark SIFMA index. Negative spreads on Series 2005B and Series 2006A averaged 1.44% and negative spreads on Series 2006B averaged 6.49% since the first week of January 2009.

After re-issuance the Series 2005B, Series 2006A and Series 2006B bonds are backed by a letter of credit from JPMorgan. Long-term and short-term ratings on the Series 2008E bonds are AA-/A-1+ from Standard and Poor's, AA-/F1+ from Fitch and Aa1/VMIG 1 from Moody's. As of September 18, 2009, there are no changes in the ratings of Series 2009B. These ratings are based on the credit strength and liquidity capabilities of JPMorgan. The initial bond rate for the KC Live Bonds was set at 0.50%. For comparison, the last reset rate on the Series 2005B and Series 2006A bonds was 2.00% and was 7.05% for Series 2006B. The swap agreements with UBS AG and Barclays Bank PLC tied to the Series 2005B and Series 2006A bonds remains in place.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Discretely Presented Component Units—Information about specific component unit debt is available in their separately issued financial statements.

Conduit Debt—The City has issued debt for economic development from time to time. This debt was issued for the benefit of third parties and the City has no obligation beyond the initial lease or loan, which has been assigned to various financial or banking entities. Debt outstanding of this nature includes taxable industrial revenue bonds of \$379,145,497 as follows: Harley Davidson (Series 1996A), \$81,999,967, Harley Davidson (Series 1996B), \$710,000, Liberty Mutual (Series 2002E), \$33,130,717, MasterCard International, LLC (Series 2003D), \$36,382,000, Amerisource-Bergen (Series 2003E-1), \$17,511,666, Amerisource-Bergen (Series 2003E-2), \$10,462,005, Bayer Cropscience (Series 2004I), \$33,616,889, Cerner Properties (Series 2005J), \$17,170,912, H&R Block (Series 2005I) \$31,000,000, Cerner Properties (Series 2007A), \$72,300,133, Cerner Properties, \$12,162,145 (Series 2008A) and Cerner Properties (Series 2008B), \$26,315,952 (Series 2008B).

Note 8: Lease Agreements

Following are descriptions of the City's major lease agreements:

Business-type Activities

Kansas City Airports Fund (Lessor)

The Department has a four-year use and lease agreement (the Agreement) with certain air carriers serving Kansas City International Airport (signatory carriers) effective through April 30, 2009. Pursuant to the agreement, signatory air carriers have agreed to a guaranteed minimum amount of rentals and fees based upon expected levels of use of airport facilities. Further, the Agreement provides the determination for the landing fees and apron, terminal and passenger boarding rents at the airport, along with granting certain rights and privileges to air carriers, both passenger and cargo. The agreement provides for an annual settlement, post fiscal year end close, whereby the rates and charges are recalculated using audited financial statements to determine any airline over/under payment. For the year ended April 30, 2009, \$575,811 was due to the airlines.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Minimum future rentals scheduled to be received on operating leases that have initial or remaining noncancelable terms in excess of one year for each of the next five years and, thereafter, at April 30, 2009 are as follows (*in thousands*):

<u>Fiscal Year</u>	
2010	\$ 7,922
2011	7,093
2012	6,657
2013	6,431
2014	6,287
2015 – 2019	22,957
2020 – 2024	12,158
2025 – 2029	9,545
2030 – 2034	7,277
2035 – 2039	1,908
2040 – 2044	689
2045 – 2049	321
	<hr/>
Total	\$ <u><u>89,245</u></u>

Note 9: Related Parties

Lease Agreements with Related Party

Isle of Capri Casino

On May 14, 1993, the Port Authority entered into a long-term lease agreement for certain real property fronting along the Missouri River (the Property) with the City of Kansas City, Missouri (the City).

In March of 1993, the Port Authority entered into a development agreement (Development Agreement) with Hilton Hotels Corporation (Hilton), whereby Hilton agreed to develop certain portions of the Property for riverboat gambling (the Casino Property). In addition, the Port Authority, as the landlord and Hilton, as the tenant, entered into a long-term lease agreement for the Casino Property. On August 21, 1995, the Port Authority and Hilton entered into an amended and restated lease for the Casino Property (as subsequently amended on October 31, 1995 and on June 10, 1996, the Casino Lease).

City of Kansas City, Missouri
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The Casino Lease provided for an initial 10-year term, beginning on the "Opening Date" of the casino, which was October 18, 1995, so the initial 10-year term expired on October 18, 2005. The tenant is deemed to have elected to renew the Casino Lease for subsequent 5-year renewal terms (for a total of eight 5-year renewal terms, if all are elected) unless the tenant notifies the Port Authority at least 12 months before the end of the immediately preceding term negating the deemed election. No such notice was provided to the Port Authority, so the parties are in the third year of the first 5-year renewal term.

Hilton's rights and obligations under the Development Agreement and the Casino Lease were assigned to and assumed by the Isle of Capri Casinos (IOC) during fiscal year 2001, so that IOC is the current tenant of the Casino Property. On August 15, 2005, the Port Authority and IOC entered into an Amended and Restated Development Agreement in which the Port Authority and IOC agreed to amend and restate the Hilton development Agreement. The Port Authority and IOC are currently negotiating an amended and restated Casino Lease. Management does not believe that the provisions of the amended and restated lease will have any material impact on the Authority's future operations.

Beginning on the Opening Date and continuing during the remainder of the initial 10-year term, the tenant was to pay a minimum net annual rent of \$2,000,000 per year, in advance, on the Opening Date and on the date of each and every annual anniversary of the Opening Date thereafter. The agreement provides for increases in the minimum net annual rent for each renewal term by the percentage of change in the Consumer Price Index (CPI) as of the Opening Date to the Consumer Price Index as of the first day of any such renewal term. Effective October 18, 2005 and based on the change in the Consumer Price Index, the minimum net annual rent for the first renewal term was increased to \$2,550,000. In addition to the minimum net annual rent the tenant throughout the term of the lease (including renewal periods) is required to pay as percentage rent an amount equal to 3.25% of gross revenues (as defined in the agreement) less the minimum net annual rent paid in advance. During the year ended April 30, 2009, there was \$2,698,632 of total lease revenue (net annual rent) attributable to the Isle of Capri Casino lease.

In connection with this lease, effective May 1, 2006, the Authority is required to set aside for use by the City one-half of each years' net annual rent (\$1,349,316 for the fiscal year ended April 30, 2009).

The Port Authority leased certain real property fronting along the Missouri River, from the City of Kansas City Missouri under the original lease agreement dated May 14, 1993. Effective August 21, 2006, the original lease was superseded and replaced by the "First Amended and Restated Lease Agreement" ("Restated Lease"). Under the Restated Lease the property continues to be leased for development purposes; however the expiration date was changed to be midnight on August 20, 2056.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Note 10: Benefit Plans

Substantially all City employees and elected officials of the City, as well as employees of the Police Department, are covered by contributory defined benefit retirement plans: Employees' Retirement System, Firefighters' Pension System, Police Retirement System and Civilian Employees' Retirement System. These plans pay a monthly pension to qualified individuals upon retirement. The amount is based upon a combination of years of service and annual salary.

Plan Descriptions

The retirement board of the Police Retirement System of Kansas City, Missouri (the Board) administers the Civilian & Police Plans, contributory, single-employer, defined benefit public employee retirement plans. The City is not legally responsible to pay the pension contribution for the two police pension plans directly to the pension systems, but provides funding on behalf of the Board of Police Commissioners. The amount reported in the City's general fund as police expenditures comprises all costs of the Police Department, including these pension contributions. The amount reported in the Police Department discretely presented component unit combining statement of changes in net assets as operating grants and contributions includes the City's on-behalf payment to fund the two pension plans.

The board of trustees of the Employees' Retirement System of the City of Kansas City, Missouri (the Board) administers the Employees' Retirement System of the City (the Employees' Plan), a contributory, single-employer, defined benefit public employee retirement plan.

The board of trustees of the Firefighters' Pension System of the City of Kansas City, Missouri (the Board) administers the Firefighters' Pension System of the City (the Firefighters' Plan), a contributory, single-employer, defined benefit public employee retirement plan.

The Boards are responsible for establishing or amending plan provisions. The Boards issue publicly available financial reports that include financial statements and required supplementary information. The financial reports may be obtained by writing to:

Employees or Firefighters' Pension Systems

The Retirement Division
City Hall-12th Floor
414 East 12th Street
Kansas City, MO 64106
816.513.1928

Police or Civilian Pension Systems

The Retirement Board of the Police Retirement
System of Kansas City, Missouri
1328 Agnes
Kansas City, MO 64127
816.482.8138

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Funding Policy

The Civilian & Police Plans' funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. The employer contributions are established by the Board. Level percentages of payroll employer contribution rates are determined using the individual entry age normal method.

Contributions for the Civilian & Police Plans, respectively, total \$4,808,862 and \$25,683,054 (\$3,470,682 and \$16,700,688 employer and \$1,338,180 and \$8,982,366 employee). Significant actuarial assumptions used included: (a) rate of return on the investment of present and future assets of 7.75% per year compounded annually; (b) projected salary increases ranging from 4% to 9.75% per year, depending on age group; (c) postretirement benefit increases of 3% per year of the original base pension granted annually; and (d) annual required employer and employee contribution rates of 26.22% and 10.55%, respectively.

As a condition of participation in the Police Retirement System, members are required to contribute a certain percentage of their compensation until they retire. For the year ended April 30, 2009, members contributed 10.55% of their annual base earnings without consideration for overtime or other incentive pay amounts. The City contributes the balance required to pay pensions and maintain the system on an actuarially sound basis and would fund the normal cost and amortize the net unfunded actuarial liability.

The City contributions amounted to 19.70% of compensation for the year ended April 30, 2009. The actual contribution rates approved by the plan have been less than the rates recommended by the actuary for six of the last ten years. The ultimate viability of the plan is dependent upon the relationship of actual plan experience with the underlying actuarial assumptions and/or sufficient funding by the City to meet future cash flow needs. The most recent actuarial valuation was performed as of April 30, 2008 and was available in developing the budget for the year ending April 30, 2010.

As a condition of participation in the Civilian Employees' Retirement System, members are required to contribute 5% of their salary to the plan. The City contributes the balance required to pay pensions and maintain the system on an actuarially sound basis. For the year ended April 30, 2009, the City contributed at a rate of 13.14% of members' salaries. The actual contribution rates approved by the plan have been less than the rates recommended by the actuary in nine of the last ten years. The ultimate viability of the plan is dependent upon the relationship of actual plan experience with the underlying actuarial assumptions and/or sufficient funding by the City to meet future cash needs. The most recent actuarial valuation was performed as of April 30, 2008 and was available in developing the budget for the year ending April 30, 2010.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

As of April 30, 2008, the most recent actuarial valuation date, the Police Retirement System was 87% funded. The actuarial accrued liability for benefits was \$850.7 million and actuarial value of assets was \$742.1 million, resulting in an unfunded actuarial accrues liability (UAAL) of \$108.6 million. The covered payroll (annual payroll of active employees covered by the plan) was \$86.7 million, and the ratio of the UAAL to the covered payroll was 125%. The Civilian Employees' Retirement System was 83% funded. The actuarial accrued liability for benefits was \$117.6 million and the actuarial value of assets was \$98.0 million, resulting in an unfunded actuarial accrues liability (UAAL) of \$19.6 million. The covered payroll was \$27.0 million, and the ratio of the UAAL to the covered payroll was 73%.

The Employees' Retirement System Plan's financing is provided by contributions from the Employees' Retirement System plan members, the City and earnings on investments. Members contribute 4% of base salary. The City's contribution is set by the City Council in conjunction with its approval of the annual budget based on information provided by the Employees' Retirement System plan's consulting actuary and the Board.

The recommended contribution rate is determined by the Employees' Retirement System plan's consulting actuary using the entry age normal actuarial cost funding method. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the actuarial accrued liability.

Based upon the May 1, 2007 actuarial valuation, which was the most recent actuarial data available when the budget was developed for the year ended April 30, 2009, the actuary recommended a City contribution rate of 11.40% for general employees. The City contributed at a rate of 12.03% in 2008 and 12.11% in 2009. This is based on a 12.03% contribution rate for General Employees and a 19.50% contribution rate for Judges and Elected Officials. The City and employee contribution rates are not expected to fund normal cost and amortize the unfunded actuarial accrued liability by April 30, 2037.

As of May 1, 2008, the most recent actuarial valuation date, the Employees' Retirement System was 93.5% funded. The actuarial accrued liability for benefits was \$934.3 million and actuarial value of assets was \$873.7 million, resulting in an unfunded actuarial accrues liability (UAAL) of \$60.7 million. The covered payroll was \$169.9 million, and the ratio of the UAAL to the covered payroll was 36%.

The Firefighters' Pension System plans financing is provided by contributions from the Firefighters' Pension System plan members, the City and earnings on investments. Firefighters contribute 9.55% of base salary and an additional 1.0% to fund the health insurance subsidy. The City's contribution is set by the City Council in conjunction with its approval of the City's annual budget based on information provided by the Firefighters' Plan's consulting actuary and the Board.

The recommended contribution rate is determined by the Firefighters' Plan's consulting actuary using the entry age normal actuarial cost funding method. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the actuarial accrued liability.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Based upon the May 1, 2007 actuarial valuations, which was the most recent actuarial data available when the budget was developed for the year ended April 30, 2009, the actuary recommended a City contribution rate of 21.46%. The Board recognized a scheduled City contribution rate of 19.6% for 2009. The City Council approved a City contribution rate of 19.6% (and 2% to fund the health insurance subsidy) for the year ended April 30, 2009.

The City's contribution rate of 19.6% of salary and firefighters' contributions of 9.55% is not expected to fund the normal cost and amortize the unfunded actuarial accrued liability over 30 years.

As of May 1, 2008, the most recent actuarial valuation date, the Firefighters' Pension System was 93.4% funded. The actuarial accrued liability for benefits was \$478.7 million and actuarial value of assets was \$447.2 million, resulting in an unfunded actuarial accrues liability (UAAL) of \$31.5 million. The covered payroll was \$51.2 million and the ratio of the UAAL to the covered payroll was 62%.

The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Administrative Expenses

Actuarial investment management and bank trustee fees and expenses are included in the Civilian & Police Plans' administrative expenses when incurred. The Police Department provides office space without any direct charge to the plans. The Employees' Pension System and the Firefighters' Pension System administrative salary, duplicating, telecommunications and travel expenses are included in the plans administrative expenses when incurred. The City provides office space, administrative and clerical services of the Human Resources Department and the accounting services of the Finance Department without any direct charge to the Employees' Pension System or the Firefighters' Pension System.

The annual pension cost and net pension asset (obligation) as of April 30, 2009 are as follows (*in thousands*):

	Police Retirement System	Civilian Employees' Retirement System	City Employees' Retirement System	Firefighters' Retirement System
Annual required contribution	\$ (24,311)	\$ (4,322)	\$ (19,365)	\$ (9,476)
Interest on net pension obligation	(593)	(590)	(639)	(173)
Adjustment to annual required contribution	537	1,258	426	74
Annual pension cost	<u>(24,367)</u>	<u>(3,654)</u>	<u>(19,578)</u>	<u>(9,575)</u>
Contributions made	16,701	3,471	20,330	10,315
Change in net pension obligation	<u>(7,666)</u>	<u>(184)</u>	<u>752</u>	<u>740</u>
Net pension obligation, beginning of year	<u>(7,732)</u>	<u>(8,418)</u>	<u>(8,524)</u>	<u>(2,228)</u>
Net pension obligation, end of year	<u>\$ (15,398)</u>	<u>\$ (8,602)</u>	<u>\$ (7,772)</u>	<u>\$ (1,488)</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

The annual required contribution for the current year was determined as part of the May 1, 2008 actuarial valuation using the following methods and assumptions for each of the plans:

	Police Retirement System and Civilian Retirement System	Employees Retirement System	Firefighters' Retirement System
Valuation date	April 30, 2008	May 1, 2008	May 1, 2008
Actuarial cost method	Individual entry age normal	Entry age	Entry age
Amortization method	Level percent closed	20-year layered amortization, level percent of pay	30-year fixed level percent of pay amortization of the May 1, 2008 UAL and a 20-year fixed level percent of pay amortization for changes to the UAL on and after 5/1/2009
Remaining amortization period	17 years	20 years	30 years
Actuarial assumptions			
Investment rate of return	7.75% per annum	7.50% per annum	7.75% per annum
Projected Salary Increases	4.00% to 9.75%*	4.0% per annum**	3%**
Inflation Rate	3.00% per annum		
Cost of Living Adjustments	3.0%, simple **	3.0%, simple **	3%, simple**

* Projected salary increases are based on years of service

** Includes inflation rate of 3%.

The information presented below was determined as part of the actuarial valuations as of the dates indicated. Additional information as of the latest actuarial valuation follows:

Schedule of Employer Contributions

(in thousands)

	Fiscal Year Ending		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset (Obligation)
Police Retirement System	04/30/07	\$	21,338	68%	\$ (642)
	04/30/08		22,837	69%	(7,732)
	04/30/09		24,367	69%	(15,398)
Civilian Employees' Retirement System	04/30/07	\$	3,548	68%	\$ (6,671)
	04/30/08		5,119	80%	(8,418)
	04/30/09		3,654	95%	(8,602)
Employees' Retirement System	04/30/07	\$	18,211	102%	\$ (12,364)
	04/30/08		16,171	124%	(8,524)
	04/30/09		19,578	104%	(7,772)
Firefighters' Pension System	04/30/07	\$	9,556	99%	\$ (3,210)
	04/30/08		8,875	111%	(2,228)
	04/30/09		9,575	108%	(1,488)

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

The net pension obligation of the Employees Retirement System as of April 30, 2009, is reported in the following activity and funds as follows (*in thousands*):

Governemental Activity	\$ (5,170)
Water Fund	(961)
Sewer Fund	(777)
Aviation Fund	(864)
	<hr/>
Total	<u>\$ (7,772)</u>

Actuarial Value of Assets

Police and Civilian – The Plans have adopted a market value of assets on the valuation date:

- Minus 75% of net realized and unrealized gain (loss) during the prior plan year
- Minus 50% of net realized and unrealized gain (loss) during the plan year two years prior
- Minus 25% of net realized and unrealized gain (loss) during the plan year three years prior

Employees' – The Plan has adopted a smoothed market method of valuing assets called the "Expected Asset Method," which recognizes the fair market value of assets. The following represents the components of the asset valuation:

- a. The actuarial value of the beginning of the year; plus
- b. The contributions less benefits paid during the year; plus
- c. Interest at the assumed net rate of investment return on an actuarial basis; plus
- d. 25% of the difference between market value and the sum of a, b and c.
- e. If the actuarial value of assets is less than 85% or more than 110% of the market value, an adjustment is made to the actuarial value to bring the value within the corridor.

Firefighters' – The Plan has adopted the five-year, smoothed-market method of valuing assets, which recognizes the fair market value of assets. The following represents the components of the asset valuation:

- a. The actuarial value of the beginning of the year; plus
- b. The contributions less benefits and expenses paid during the year; plus
- c. Interest at the assumed net rate of investment return on an actuarial basis; plus
- d. 20% of the gain/(loss) (difference between the market value of assets and the expected value of assets) for the year plus 20% of each of the four prior years gains/(losses).
- e. If the actuarial value of assets is less than 85% or more than 110% of the market value, an adjustment is made to the actuarial value to bring the value within this corridor.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Note 11: Postemployment Benefits Other than Pensions

The City of Kansas City

Effective May 1, 2007 the City of Kansas City, Missouri (the City), adopted Governmental Accounting Standard Board Statement No. 45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension, (OPEB)*. This statement requires the accounting for the annual cost of other post employment benefits and the related outstanding liability using an actuarial approach similar to pensions. The City implemented prospectively (zero net obligation at transition).

Plan Description

The City sponsors a single-employer, defined benefit healthcare plan that provides healthcare benefits to retirees' and their dependents, including medical and pharmacy coverage.

The City requires the retirees to pay 100% of the same medical premium charged to active participants. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these amounts is the implicit rate subsidy, which is considered OPEB under GASB 45.

Retirees and spouses have the same benefits as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches Medicare eligibility age, which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies.

Funding Policy

GASB Statement 45 does not require funding of the OPEB liability and at this time, the liability for the City is unfunded. Contributions are made to the plan on a pay-as-you-go basis.

For the year ended April 30, 2009, retirees receiving benefits contributed \$5,092,936 for current premiums (approximately 60.0% of total aged adjusted premiums based on implied City contributions of \$3,400,270), through their required contracted amount paid to Blue Cross Blue Shield of Kansas City for the plan of the retirees' choosing. Total age adjusted premiums for the year were \$8,493,206.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Annual OPEB Cost and NET OPEB Obligation

The City's annual OPEB cost is calculated on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's net OPEB obligation.

Normal Cost	\$ (9,299)
Amortization of unfunded actuarial accrued liability	(12,527)
Interest on net OPEB obligation	(626)
Adjustment to annual required contribution	<u>464</u>
Annual OPEB cost	(21,988)
Contributions made (employer)	<u>3,400</u>
Change in net OPEB obligation	(18,588)
Net OPEB obligation, beginning of year	<u>(13,916)</u>
Net OPEB obligation, end of year	<u><u>\$ (32,504)</u></u>

The Employee/Firefighter annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2009 were as follows:

Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB (Obligation)
4/30/2008	\$ 16,017	13	\$ (13,916)
4/30/2009	21,988	15	(32,504)

The net OPEB liability as of April 30, 2009, reported in the following activity and funds are as follows (*in thousands*):

Governmental Activity	\$ (25,550)
Water Fund	(2,570)
Aviation Fund	(2,308)
Sewer Fund	<u>(2,076)</u>
Total	<u><u>\$ (32,504)</u></u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Funded Status and Funding Progress

As of April 30, 2008, the most recent actuarial valuation date, the Plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$208.6 million and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$208.6 million.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2008, actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets (of which there are none) and on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 4.5% after eleven years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2008 was thirty years.

The Police Department of Kansas City

Plan Description

The Kansas City Missouri Board of Police Commissioners (the Board) sponsors a single-employer, defined benefit healthcare plan that provides healthcare benefits to retirees' and their dependents, including medical and pharmacy coverage. Participants include police and civilian members of the Department.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Retirees (including an elected coverage for spouses and dependents) are eligible for the same benefits as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, when the retiree elects to participate in Medicare, or dies. Retirees have the option of utilizing the Department's healthcare plan as secondary coverage to Medicare benefits. Additionally, retirees have a one-time option, before the age of 65, to rejoin the plan should they ever terminate coverage.

Under Governmental Accounting Standards Board Statement No.45, the difference between the premium rate charged to retirees and the estimated rate that would be applicable to those retirees if acquired of them as a separate group is an implicit rate subsidy, which is considered an other post employment benefits (OPEB) under the standard. As part of the plan, the Department does not contribute for retiree premiums. The Board requires the retirees to pay 30% more than premiums charged for active employees.

Funding Policy

GASB Statement 45 does not require funding of the OPEB liability and the Board has chosen not to fund it. Board policy dictates the payment of retiree claims as they become due.

Annual OPEB Cost and NET OPEB Obligation

As part of the April 30, 2008, actuarial valuation, it was determined that amounts charged to retirees in the aggregate were in excess of the cost of the implicit rate subsidy, as determined by the actuarial methods described under Actuarial Methods and Assumptions. Accordingly, there is no OPEB cost or net OPEB obligation to the Department as of April 30, 2009.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2008, actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after eleven years.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Restatement of Net Assets

The Department's management determined that the methodology used by the Actuary in preparing the April 30, 2006 OPEB actuarial valuation was not consistent with those used in the April 30, 2008 OPEB actuarial report. The April 30, 2006 OPEB actuarial report has been revised to be consistent with the April 30, 2008 report. Accordingly, the Department does not have an OPEB obligation per the revised 2006 report or 2008 actuarial report. The following adjustment was required to adjust beginning net assets (deficit) for OPEB obligations previously reported:

	Net Assets- Component Units
Net Assets (deficit) as originally reported April 30, 2008	\$ (343,434)
Adjust reported OPEB obligation	<u>1,901</u>
Net Assets (deficit) as restated April 30, 2008	<u>\$ (341,533)</u>

Funded Status and Funding Progress

As of April 30, 2008, the most recent (initial) actuarial valuation date, the Plan was 0.0% funded. The actuarial accrued liability for benefits was \$0 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 0. It was determined the amounts charged to retirees in the aggregate were in excess of the cost of the implicit rate subsidy, as determined by the actuarial methods described under Actuarial Methods and Assumptions. Accordingly, there is no OPEB cost or net OPEB obligation to the department as of April 30, 2009.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Note 12: Commitments and Contingencies

Purchase and Construction Commitments

At April 30, 2009, purchase and construction contract commitments, including obligations for capital outlay, are as follows (*in thousands*):

Water	\$ 26,864
Kansas City airports	67,338
Sewer	19,120
Nonmajor enterprise	626
General	9,315
Capital improvements	70,634
Nonmajor governmental	<u>57,984</u>
	<u>\$ 251,881</u>

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self insured for workers' compensation and general liability exposures. The general fund (the Fund) is used to account for these exposures. The City has purchased insurance to limit Fund exposure to \$1,000,000 on workers' compensation claims per occurrence occurring prior to fiscal year 1997, \$500,000 Fund exposure for all claims originating in fiscal year 1997, \$400,000 Fund exposure for all claims originating in fiscal year 1998 and \$2,000,000 for fiscal year 2003 through fiscal year 2007. The City's exposure for fiscal years 2008 and 2009 is \$1,000,000. The City limits its exposure to workers' compensation claims expense by purchasing an excess workers' compensation policy. The policy has a \$1,000,000 retention with statutory limits. The City also purchases an excess liability policy to cover torts, which are not barred by sovereign immunity. The policy has a \$2,500,000 retention and a \$5,000,000 loss limit. Current sovereign tort immunity statutes and law limit general liability and automobile claim exposure to a maximum of \$378,814 per person and \$2,525,423 per occurrence. Property claim exposure is \$150,000 per claim. Settled claims have not exceeded the self insured retention in any of the past three fiscal years.

All funds of the City participate in the program and make payments to the Fund based on estimates of the amounts needed to pay prior and current year claims. The claims liability of \$22,877,307, \$5,464,120, \$3,788,562 and \$1,497,500 for the governmental activities and the Water, Sewer and Aviation Fund, respectively, at April 30, 2009 is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

The total claims liability reported in the governmental activities and business type activities are as follows (*in thousands*):

		Beginning of Year	Current Claims and Estimate Changes	Claim Payments	End of Year	Due Within One Year
2009	\$	31,425	\$ 11,672	\$ 9,470	\$ 33,627	\$ 8,944
2008		32,297	14,248	15,120	31,425	8,660
2007		26,608	13,892	8,203	32,297	7,679

Federal Grant Funds

Use of federal, state and locally administered federal grant funds is subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grant.

The Department of Homeland Security—Office of Inspector General (OIG) did audit certain public assistance funds awarded to the City. The City received a pass-through award of \$28.44 million from the State of Missouri, State Emergency Management Agency (SEMA), a Federal Emergency Management Agency (FEMA) grantee for damages resulting from a severe winter ice storm that took place on January 29, 2002.

The audit was issued on July 28, 2006 to the Regional Director of FEMA Region VII and has questioned \$9,301,699 of previously reimbursed costs to the City. The audit recommends that the Regional Director disallow the full \$9,301,699. The Regional Director has not provided a response to the audit.

The City has decided to not further contest questioned costs of \$874,000 and has recorded this amount as a liability in the financial statements. The City believes that it is reasonably possible that additional amounts may be owed; however, since the Regional Director has not responded to the audit findings, the amount and outcome can not be reasonably estimated and no additional liability has been recorded.

Note 13: Fund Deficits

The community development governmental grants fund (special revenue fund) has a deficit balance of \$1,603,000 due to not receiving reimbursement of expenditures. Future grant reimbursements from the federal government will cover the deficit.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Note 14: Endowments

The Liberty Memorial endowment fund was established in fiscal year 2001 to account for a voter-approved sales tax dedicated to the restoration, expansion and maintenance of the Liberty Memorial and Museum. The original sales tax was divided between funds to be used for the restoration of the Memorial Fountain and funds set aside for a capital maintenance endowment. The sales tax generated \$15,687,734 for the endowment. During fiscal years 2001 and 2002, the investment earnings were dedicated to capital maintenance of the memorial. During fiscal year 2003, the City Council passed an ordinance that allowed for up to 45% of the annual investment earnings to be used for routine maintenance and upkeep and 55% would continue to be available for capital maintenance.

State law authorized the City to impose and spend the sales tax pursuant to the restrictions imposed by the local ordinance and approved by voter authorization.

The endowment principal is reported as restricted net assets – nonexpendable in the statement of net assets.

On April 30, 2009, there is \$1,422,000 of net appreciation on investments and additional contributions that are available for expenditure. The change in net appreciation on investments available for expenditure during fiscal year 2009 is shown below (*in thousands*):

April 30, 2008 Balance	Additions	Reductions	April 30, 2009 Balance
\$ 892	\$ 855	\$ 325	\$ 1,422

Note 15: Termination Benefits

During fiscal year 2009, the City implemented a Reduction in Force (RIF) plan and associated Workforce Transition Plan (the Plan). All regular employees of the City who were involuntarily laid off because of realignment, downsizing, reorganization or restructuring, or other situations as determined by the City were eligible to participate in the Plan under the terms and conditions of the Plan.

Employees who met the eligibility requirements were entitled to severance pay based upon a formula that takes into account their daily rate of pay and number of credited service days. Two schedules setting forth the number of credited service days are as follows:

- (1) One day of hourly base pay for every continuous month of service (or portion thereof) to the City for a period not to exceed six (6) months for employees other than those eligible for the nine month plan.
- (2) One day of hourly base pay for every continuous month of service (or portion thereof) to the City for a period not to exceed nine (9) months for employees that were either within five years of eligibility of receiving an unreduced retirement benefit or were currently able to retire.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

The severance payments were lump sum payments made within six months subsequent to the City's 2009 fiscal year end.

All affected employees and members of their immediate family, which is defined as the employee's spouse/domestic partner, dependent children under 21 and children 21-25 who are attending college and live with the employee at least part of the year continued to receive assistance under the City's current Employee Assistance Program (EAP) agreement for six (6) months and had the opportunity to receive third party career transition services including outplacement assistance at the City's expense.

The number of employees affected by the Reduction in Force plan was 117 with the severance payments totaling \$3,466,013 and \$116,865 for outplacement assistance in actual dollars accrued as liabilities in their respective funds at fiscal year end. There is no additional cost to the City for the continued participation in the City's EAP.

Note 16: Subsequent Events

Reappropriation of Fund Balance

On March 26, 2009, the City Council passed Committee Substitute for Ordinance No. 090180 and on April 23, 2009, the Council passed Second Committee Substitute for Ordinance No. 090308. These ordinances authorized certain unencumbered and unexpended appropriations from fiscal year 2009 to be reappropriated to fiscal year 2010 and for certain uncollected grant revenues in fiscal year 2009 to be re-estimated in fiscal year 2010. The net of these amounts are included in unreserved designated fund balance in the City's financial statements for each of the respective funds.

These net reappropriations are summarized in the following table (*in thousands*):

Major governmental funds:	
General	\$ 1,498
Capital Improvements	<u>120,923</u>
Total governmental funds	\$ <u>122,421</u>

Debt Issuances

Performing Arts Center, Series 2009E

In July 2009, the City issued \$53,236,704 of its Capital Appreciation Bonds (Series 2009E), Special Obligation Bonds (Performing Arts Center Garage Project, "PAC Garage"). The bond proceeds were issued to provide funds to finance certain costs relating to PAC Garage, fund a debt service reserve fund in the amount of \$5,323,670 and pay costs related to the issuance of the Series 2009E. The Series 2009E and the interest thereon shall be special, limited obligations of the City payable solely out of appropriated moneys approved by the City Council. The bonds were sold as capital appreciation bonds ("CABs") structure. By issuing CABs, the City was able to structure and conform the annual debt service payments to the revenues to be used for repayment.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

On June 25, 2009, the City's general obligation bond credit ratings were downgraded from "AAA" to AA+ by Fitch Ratings ("Fitch"). Fitch also downgraded the credit ratings for City's appropriation-supported bonds that have underlying rating from Fitch from "AA" to "AA-". Fitch stated that the "downgrade reflects a significant increase in the city's tax supported debt burden due to its extensive capital investment in the downtown area, combined with a decline in formerly sizeable reserve levels and general economic weakening."

Most of the City's debt bond insurers continue to receive credit rating downgrades from the credit rating agencies due to financial deterioration. These downgrades might have had the effect of lowering the long-term rating on the City's bonds. The City continues to monitor the situation and provide the secondary market material event notices as required by SEC Rule 15c-2-12(b)(5)(C).

Metropolitan Ambulance Services Trust (MAST)

On September 17, 2009, the City Council passed Committee Substitute for Ordinance No. 090754, as Further Amended, which assigned new responsibilities for the delivery and management of ambulance services to the Fire Department by enacting a new Section of the City Code of Ordinances. The director of the Fire Department shall have such duties, powers and authorities as are necessary for the integration of the delivery of ambulance service into the City, as well as those that are necessary for the management and delivery of ambulance service, as prescribed in this section or as may be prescribed by the City Manager. It is anticipated that the full integration of MAST into the City Fire Department will occur throughout the entire fiscal year 2010.

MAST is reported as a discretely presented component unit in the City's Comprehensive Annual Financial Report for the period ended April 30, 2009.

Note 17: Pledged Revenues

The City has pledged specific revenue streams to secure the repayment of certain outstanding debt issues. The following table lists those revenues and the corresponding debt issue along with the purpose of the debt, the amount and term of the pledge remaining, the current fiscal year principal and interest on the debt, the amount of pledged revenue recognized during the current fiscal year and the approximate percentage of the revenue stream that has been committed if estimable (in thousands):

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Issue	Type Revenue Pledged	Amount of Revenue Pledged	General Purpose for Debt	Term of Commitment	% of Revenue Pledged	Principal & Interest Paid for the Year	Revenue Recognized for the Year
KCMAC (Bartle Hall/ Municipal Auditorium/ Music Hall Projects (KCMAC 1990B-1, 1991B, 2004B-1, 2004B-3, 2006A, 2008E, 2008F)	Hotel/Motel and restaurant taxes	\$ 576,952	To finance construction, expansion and refurbishment of the Bartle Hall Complex	through 2034	100	\$ 19,523	\$ 36,817
KCMAC (KCMAC 1998B)	Future leasehold revenue payments	3,395	To fund Truman Medical Center	through 2012	100	850	850
KCMAC (KCMAC 2001B-1)	Future sales tax generated with the Zona Rosa Transportation Development District	18,781	To finance Zona Rosa	through 2021	not estimable	1,337	1,802
KCMAC (Prospect North Project) (KCMAC 2001B-1)	TIF revenues, payment in lieu of taxes and certain economic activity taxes generated with the Prospect North TIF plan	15,549	To finance development of the Prospect North TIF plan	through 2021	not estimable	964	121
KCMAC (Refunding 1994B portion) (KCMAC 2003C)	Vehicle license fees	5,583	To finance construction and renovation of community centers	through 2012	100	1,861	3,589
KCMAC (Tow Lot Project) (KCMAC 2004B-2, KCMO Special Obligation 2008A)	Operating revenue of the tow lot	28,871	To finance the acquisition and construction of a tow lot	through 2028	100	1,294	3,733
KCMAC and LCRA (Auditorium Plaza Garage Project) (KCMAC KCMAC 2006A Issuance Auditorium Plaza Garage Portion, and LCRA Series 2005-E Auditorium Plaza Garage Portion)	Operating revenue of the Auditorium Plaza Garage	7,999	To finance Auditorium Plaza Garage	through 2020	not estimable	610	597
LCRA (Mast Facility Project) (LCRA 1996A)	Revenues derived from the General fund and rental payments from MAST	4,735	To finance construction, expansion and refurbishment of the MAST project	through 2016	100	673	673
MDFB Loan (Harley Davidson Project) (MDFB Loan 1997)	Future economic activity tax revenues	433	To finance the City infrastructure for the construction of a Harley Davidson Factory	through 2012	not estimable	158	149

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Issue	Type Revenue Pledged	Amount of Revenue Pledged	General Purpose for Debt	Term of Commitment	% of Revenue Pledged	Principal & Interest Paid for the Year	Revenue Recognized for the Year
MDFB Taxable Infrastructure (Valentine Shopping Center) (Series 1998)	Net operating income from rental properties and excess TIF from Uptown theater	\$ 2,032	To finance Valentine Shopping Center project	through 2018	100	\$ 339	\$ 235
IDA Taxable Leasehold Revenue Bonds (Century Towers) (2001)	Rents of the building	20,305	To finance Century Towers redevelopment project	through 2022	100	1,203	1,358
TIFC VRDO Refunding and Improvement Revenue Bonds (TIFC Refunding Series 2009C (Tax-Exempt) and Refunding Series 2009D (Taxable))	100% of PILOTS and 50% of EATS	15,173	To finance I-35 and Chouteau Project	through 2024	100	1,079	1,077
TIFC Improvement Revenue Bonds (TIFC Series 2004)	A portion of Future Pilots and Economic Activity tax	13,820	To finance the construction of the Blue Parkway business district	through 2028	61	978	486
TIFC VRDO Improvement Revenue Bonds (TIFC Refunding Series 2009A Issuance)	A portion of future tax revenues and parking revenues	9,410	To Construct and equip 909 Walnut parking garage	through 2024	100	633	543
TIFC VRDO Improvement Revenue Bonds (TIFC Refunding Taxable Series 2009B)	A portion of future tax revenues and parking revenues	23,470	To finance the refurbishing of the President Hotel	through 2028	100	1,377	1,497
IDA VRDO Improvement Revenue Bonds (IDA Series 2005A, Remarketed 2005B, Remarketed 2006A, and Remarketed 2006B)	Future tax revenue generated by increased retails sales in the district	507,099	To finance KC Live Project	through 2033	128	16,936	5,947
IDA VRDO Improvement Revenue Bonds (IDA Series 2005C, 2005D, AND 2006E)	Future car rental and hotel fees	459,854	To finance the building of a downtown arena	through 2040	not estimable	13,069	13,405

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Issue	Type Revenue Pledged	Amount of Revenue Pledged	General Purpose for Debt	Term of Commitment	% of Revenue Pledged	Principal & Interest Paid for the Year	Revenue Recognized for the Year
LCRA Leasehold Revenue Refunding Bonds (LCRA 2005E)	Certain economic activity and pilots under a LCRA Super TIF agreement	\$ 28,702	To finance the Muehlebach Hotel Project	through 2018	not estimable	\$ 3,284	\$ 3,219
PIEA Taxable Industrial Revenue Bonds (2005)	Neighborhood Development District Special Assessments and TIF revenues	10,593	To finance the 300 Wyandotte Parking Garage Project	through 2025	not estimable	665	490
IDA Refunding and Improvement Revenue Bonds (2006E)	Certain TIF revenues	5,486	To finance the Civic Mall Refunding and Cherry Street Inn demolition project	through 2015	not estimable	730	218
IDA Refunding Revenue Bonds (MDFB Series 1998) (2007A)	TIF/STIF revenues associated with the redevelopment areas	3,184	To finance the Uptown theater project	through 2017	not estimable	363	422
IDA Refunding Revenue Bonds (MDFB Series 2000A) (2007A)	TIF/STIF revenues associated with the redevelopment areas	51,634	To finance the Midtown Retail District project	through 2022	not estimable	3,728	6,744
Water Revenue Bonds and Capital Lease Agreements (1996A, 1996B, 1998A, 1998B, 2000A, 2002C, 2004D, 2005F, 2008A, 2009A, Lab Equipment 2005, Automated Meter Reader 2007)	Revenues derived from the Water fund	356,611	To finance improvements to the water systems and facilities, to cover installation of automated meter reading system and lab equipment	through 2034	not estimable	21,189	24,657
Sewer Revenue Bonds (1992B, 1995A, 1996A, SRF1997A, SRF1998A, 1999A, 2000A, 2000B, 2001A, 2001B, 2002D1, 2002D2, 2002J, 2004A, 2004H, 2005B, 2007A, 2009A)	Revenues of the sewer fund	351,701	To finance improvements to sewer system and facilities	through 2034	not estimable	16,034	23,790

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2009

Issue	Type Revenue Pledged	Amount of Revenue Pledged	General Purpose for Debt	Term of Commitment	% of Revenue Pledged	Principal & Interest Paid for the Year	Revenue Recognized for the Year
General Improvement Airport Revenue Bonds (1997A, 1999A, 2003A, 2003B, 2004E, 2005H, 2008A)	Revenues from airport operations	\$ 255,254	To fund all or portions of the costs on constructing and rehabilitating airport facilities	through 2028	15	\$ 20,424	\$ 35,621
Consolidated Rental Car Facility Bonds (2005C)	Revenues from airport operations	67,946	To fund the costs of constructing a consolidated rental car facility	through 2021	4.8	5,789	35,621
Passenger Facility Charge Revenue Bonds 2001	PFC revenues generated from the operation of the airport	170,215	To fund a portion of the cost of constructing and rehabilitating the airport terminals	through 2026	42.8	10,163	20,159
Special Facility Revenue Bond Series 2005G	Lease and sales tax revenues of the fund	29,275	To fund portion of the costs incurred in connection with the repair, improvement and rehabilitation of the aircraft maintenance and overhaul base	through 2030	35-40	1,978	3,290

**Required
Supplementary
Information**

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
Year ended April 30, 2009
(In thousands of dollars)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Taxes				
General property				
Real property	\$ 37,139	\$ 37,139	\$ 33,181	\$ (3,958)
Personal property	10,290	10,290	10,152	(138)
Financial institution	5,220	5,220	6,264	1,044
Penalties and interest on delinquent taxes	649	649	746	97
Total general property	53,298	53,298	50,343	(2,955)
Earnings and profits	206,500	206,500	202,249	(4,251)
Local use tax	26,700	26,700	23,405	(3,295)
Hotel/motel tax & restaurant	500	500	224	(276)
Cigarette	3,300	3,300	3,144	(156)
Total taxes	290,298	290,298	279,365	(10,933)
Licenses, permits, and franchises				
Utility franchises	102,060	103,438	104,298	860
For street use	358	358	472	114
For business purposes—business, professional and occupational	21,525	21,525	23,125	1,600
Other	1,596	1,721	1,221	(500)
Total licenses, permits and franchises	125,539	127,042	129,116	2,074
Fines and forfeitures	19,930	19,930	15,982	(3,948)
Rents and concessions				
American Royal Center	—	—	—	—
Other	620	620	956	336
Total rents and concessions	620	620	956	336
Investment income and interest	4,679	4,679	9,511	4,832
Charges for services				
General Government	20,343	20,343	18,928	(1,415)
Culture and Recreation	5	5	4	(1)
Public Safety	20,316	20,316	14,469	(5,847)
Health	45	345	409	64
Total charges for services	40,709	41,009	33,810	(7,199)
Intergovernmental revenues				
Grants and reimbursements	2,582	5,910	4,351	(1,559)
Railroad and utility tax—state assessed replacement tax	—	—	—	—
Total intergovernmental revenues	2,582	5,910	4,351	(1,559)
Special assessments	52	52	85	33
Other	1,892	7,380	6,647	(733)
Total revenues	486,301	496,920	479,823	(17,097)
Other financing sources				
operating transfers in	1,428	1,704	1,548	(156)
Total revenues and other financing sources	\$ 487,729	\$ 498,624	\$ 481,371	\$ (17,253)

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
Year ended April 30, 2009
(In thousands of dollars)

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Current—general government				
Mayor & City Council	\$ 3,711	\$ 3,538	\$ 3,209	\$ 329
City Clerk	740	740	588	152
City Auditor	1,420	1,490	1,377	113
General Service	18,073	17,699	16,701	998
Board of Election Commissioners	2,528	2,528	2,525	3
City Manager	11,951	12,324	11,975	349
Municipal Court	8,568	9,270	9,238	32
	<u>46,991</u>	<u>47,589</u>	<u>45,613</u>	<u>1,976</u>
Finance	<u>12,615</u>	<u>12,663</u>	<u>12,212</u>	<u>451</u>
Total finance department	<u>12,615</u>	<u>12,663</u>	<u>12,212</u>	<u>451</u>
Law Department	3,822	5,315	5,163	152
Human Resources	4,818	4,698	4,653	45
Contingent Appropriation	4,900	-	-	-
Information and Technology	18,188	17,228	16,233	995
Human Relations	-	-	-	-
City Planning and Development	16,977	19,134	17,901	1,233
Total general government	<u>108,311</u>	<u>106,627</u>	<u>101,775</u>	<u>4,852</u>
Fire	82,998	83,268	83,170	98
Public Works	27,578	27,186	24,155	3,031
Neighborhood and Community Services	24,887	24,261	23,608	653
Culture and Recreation	9,936	9,037	8,993	44
Convention and Entertainment Facilities	2,000	2,000	2,000	-
Transfer to Police	186,322	186,083	185,927	156
Operating transfers out to other funds	44,481	46,574	44,480	2,094
Total expenditures and transfers out	<u>\$ 486,513</u>	<u>\$ 485,036</u>	<u>\$ 474,108</u>	<u>\$ 10,928</u>

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
Year ended April 30, 2009
(In thousands of dollars)

	Budget Original	Final	Actual	Variance Final Budget
Revenues and operating transfers—in	\$ 487,729	\$ 498,624	\$ 481,371	\$ (17,253)
Expenditures and operating transfers—out	<u>486,513</u>	<u>485,036</u>	<u>474,108</u>	<u>10,928</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	1,216	13,588	7,263	(6,325)
Current year expenditures relating to prior year budget	<u>-</u>	<u>-</u>	<u>(79)</u>	<u>(79)</u>
Revenues and other financing sources over (under) expenditures and other financing uses relating to prior year budget	<u>\$ 1,216</u>	<u>\$ 13,588</u>	7,184	<u>\$ (6,404)</u>
Unreserved fund balance (budget basis)				
Beginning of year			<u>27,533</u>	
End of year			<u><u>\$ 34,717</u></u>	

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Budgetary Comparison Schedules
Year ended April 30, 2009

Budgetary Process

The reported budgetary data represent the final approved budget after amendments as adopted by the City council. Amendments to the original budget were not material and unencumbered appropriations lapse at year-end. Encumbered appropriations at year-end are carried forward into the following year for final disposition. These procedures are followed in establishing the budget:

1. On or before January 15, the City Manager submits to the Mayor a proposed budget for the fiscal year commencing the following May 1. The budget includes proposed expenditures and the means of financing them.
2. On or before the second regular meeting of the City Council in February the Mayor transmits to the Council the budget prepared by the City Manager, with any comments of the Mayor.
3. The City Council conducts a review of the budget, including hearings with the City Manager and department officers. Upon conclusion of its review and not later than the first regular meeting of the Council in March, the budget ordinance is introduced for consideration.
4. Public hearings are conducted to obtain taxpayer comments.
5. At the fourth regular meeting in March, the Council adopts the budget ordinance with or without alteration or amendment.

Financial Statement Presentation—Budget Basis

The City prepares legally adopted annual operating budgets for the general fund, special revenue funds (which include museum, motor fuel tax, trafficway maintenance, public mass transportation, KCATA sales tax, infrastructure and maintenance, park maintenance, boulevard maintenance, golf and tennis, parking garage, fire sales tax, public safety sales tax, health levy, police drug enforcement, neighborhood tourist development, convention and tourism, community centers, local option use tax, domestic violence, special housing rehabilitation, HUD lead-based paint grant, governmental grants, housing opportunity for persons with AIDS, Ryan White HIV/AIDS, TIF special allocation, , STIF—Hotel Phillips, STIF—Savoy Bar and Grill, STIF—Union Hill, STIF—Briarcliff West, STIF—Pershing Road IRS, youth employment, arterial street impact fee, and inmate security), debt service funds (which include general debt and interest, KCMAC Convention and Sports Complex, KC Downtown Redevelopment Dist, N.I.D. GO Bond, STIF—Americana Hotel, STIF—12th and Wyandotte, STIF—Midtown, STIF—Uptown, STIF—Tower 909 Walnut, STIF—Hotel President, STIF—Brush Cr/Blue Pkwy/Town Ctr, STIF—HOK Sport Garage, STIF—Valentine, streetlight debt, Downtown Arena Debt and Sewer Special Assessment), capital projects funds (which include capital improvements, revolving public improvements and Liberty Memorial project) and the permanent fund (Liberty Memorial Trust). The City also prepares annual operating budgets for the enterprise funds; however, there is no requirement to report on these budgets. Therefore, the financial statements include a comparison of budget to actual only for the budgeted governmental funds.

The City's policy is to prepare the governmental fund types' annual budgets on a cash basis, which is modified to include encumbrances as the equivalent of expenditures.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Budgetary Comparison Schedules
Year ended April 30, 2009

Unencumbered balances appropriated for one purpose may be transferred to another purpose within a department with approval of the Budget Officer, Director of Finance and the City Manager. Transfers of unencumbered balances appropriated for one department to any other department must be authorized by City Council ordinance. Unencumbered appropriations lapse at the end of the fiscal year.

Project budgets are adopted in the certain capital projects funds, where appropriations do not lapse at fiscal year end.

Budgeting and Budgetary Control

The accounting principles employed by the City in its budgetary accounting and reporting system are designed to enhance budgetary control. Certain of these principles differ from those used to present financial statements in accordance with U.S. generally accepted accounting principles. The significant differences are the exclusion of accrued and deferred revenues and accrued expenditures from the budgetary-basis statement.

Following is a reconciliation of these differences for the year ended April 30, 2009 *(in thousands)*:

	General Fund
Excess of revenues and other financing sources over expenditures and other financing uses including prior year budgets – budgetary basis	\$ 7,184
Adjustments	
To record accrual and deferral of revenues	22,729
To record accrual of expenditures	<u>(55,737)</u>
Net change in fund balance – GAAP basis	\$ <u>(25,824)</u>

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the funds. Other commitments include encumbrances that have been established for future planned expenditures where the purpose is known but a specific contract with a vendor has not yet been finalized.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedules of Funding Progress
Year Ended April 30, 2009
(In thousands)

Pension Systems						
Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	c Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
Police Retirement System						
4/30/2006	\$ 635,622	775,272	139,650	81.99 %	\$ 71,835	194.40 %
4/30/2007	698,079	807,902	109,823	86.41	80,112	137.09
4/30/2008	742,060	850,764	108,704	87.23	86,701	125.38
Civilian Employees' Retirement System						
4/30/2006	\$ 78,847	105,928	27,081	74.43 %	\$ 23,876	113.42 %
4/30/2007	89,111	110,394	21,283	80.72	25,472	83.55
4/30/2008	97,990	117,627	19,637	83.31	27,046	72.61
Employees' Retirement System						
4/30/2006	\$ 745,721	800,840	55,119	93.12 %	\$ 146,365	37.66 %
4/30/2007	823,014	847,393	24,379	97.12	158,780	15.35
4/30/2008	873,680	934,334	60,654	93.51	169,867	35.71
Firefighters' Pension System						
4/30/2006	\$ 381,404	434,033	52,629	87.87 %	\$ 47,022	111.92 %
4/30/2007	412,408	447,939	35,531	92.07	49,421	71.89
4/30/2008	447,209	478,734	31,525	93.42	51,169	61.61

Other Post-Employment Benefits						
Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	c Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
City of Kansas City - Employee/Firefighter Other Post-employment Benefits						
4/30/2006	\$ -	150,376	150,376	- %	\$ 193,387	77.76 %
4/30/2008	-	208,612	208,612	-	221,036	94.38

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedules of Condition Assessments and Maintenance Costs
Year Ended April 30, 2009
(In thousands)

Condition Assessment

	Percentage in Good or Better Condition		
	2009	2008	2007
Roadway system	65.46%	69.00%	64.87%
Bridges	80.74	80.30	79.92
Street lighting	93.10	91.30	92.60

	Percentage in Fair Condition		
	2009	2008	2007
Roadway system	8.58%	9.12%	6.88%
Bridges	12.90	12.76	13.14
Street lighting	—	—	—

	Percentage in Substandard Condition		
	2009	2008	2007
Roadway system	25.96%	21.88%	28.25%
Bridges	6.36	6.94	6.94
Street lighting	6.90	8.70	7.40

	Overall Condition Level		
	2009	2008	2007
Roadway system	83.80%	85.97%	87.00%
Bridges	76.56	76.17	75.97
Street lighting	93.10	91.30	92.60

Estimated and Actual Costs to Maintain

	2009	2008	2007	2006	2005
Roadway system					
Estimated	\$ 58,425	\$ 49,533	\$ 19,101	\$ 26,456	\$ 20,561
Actual	<u>19,337</u>	<u>17,323</u>	<u>19,184</u>	<u>25,999</u>	<u>20,921</u>
Difference	\$ <u>(39,088)</u>	\$ <u>(32,210)</u>	\$ <u>83</u>	\$ <u>(457)</u>	\$ <u>360</u>
Bridges					
Estimated	\$ 8,582	\$ 7,711	\$ 7,571	\$ 7,383	\$ 6,500
Actual	<u>558</u>	<u>625</u>	<u>550</u>	<u>1,624</u>	<u>3,017</u>
Difference	\$ <u>(8,024)</u>	\$ <u>(7,086)</u>	\$ <u>(7,021)</u>	\$ <u>(5,759)</u>	\$ <u>(3,483)</u>
Street lighting					
Estimated	\$ 6,948	\$ 6,791	\$ 5,488	\$ 3,671	\$ 3,590
Actual	<u>5,797</u>	<u>5,003</u>	<u>3,650</u>	<u>3,431</u>	<u>3,374</u>
Difference	\$ <u>(1,151)</u>	\$ <u>(1,788)</u>	\$ <u>(1,838)</u>	\$ <u>(240)</u>	\$ <u>(216)</u>

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Schedules of Condition Assessments and Maintenance Costs
Year Ended April 30, 2009
(In thousands)

As allowed by GASB Statement No. 34, the City has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the City expenses maintenance costs and does not report depreciation expense.

In order to utilize this approach, the City is required to:

- Maintain an asset management system to include up-to-date inventory of eligible infrastructure assets
- Perform a condition assessment
- Estimate each year the amount to maintain and preserve the assets
- Document that the assets are being preserved approximately at, or above, the established condition level.

Public Works has established a program to evaluate the condition of all pavements. The name of the program is the Street Distress Rating System (SDRS). This program rates all segments of pavement over a three-year period. The program measures actual physical defects in the pavement system that can be observed and quantified through visual inspection of the roadway surface. Broad categories include cracking, patching, depression and surface wear. The system calculates the Pavement Condition Index representing a value ranging from "0" to "100." The City's intent is to achieve and retain a system-wide average value of not less than "80." The value of 80 represents a system that needs repairs and improvements. A rating of "90" to "100" would show an excellent condition, "80" to "89" good condition, "70" to "79" fair condition and below "70" poor condition.

The condition of bridges is measured using the Federal Highway Administration Rating System. The federal system uses a measurement scale that is based on a condition index ranging from 0 for a failed bridge to 100 for a bridge in perfect condition. The condition index is used to classify bridges and culverts in good or better condition (65 and 75 on up, respectively), fair condition (45 to 65) and substandard condition (less than 45). It is the City's policy to maintain at least 75 percent of its bridge system at a good or better condition level. No more than 10 percent should be in the substandard condition. Condition assessments are determined every other year. All bridges are rated at least once every two years.

The condition of street lighting is measured using a system designed by the City. The system uses a measurement scale that is based on a condition index ranging from zero for a failed street lighting to 100 for passing each measured factor and measures 16 different factors. The condition index is used to classify street lighting in better condition (90 and up) good condition (80 to 89) and substandard condition (less than 80). It is the City's policy to maintain at least a value of 90 percent condition rating for the entire streetlight system. No more than 10% should be below the better condition rating. Condition assessments are determined every year. Street lighting chosen for condition assessments are randomly selected by a private contractor hired to assess and immediately repair all streetlights inspected. The plan is to have 100% of all streetlights inspected, with corresponding repairs, every two years.

APPENDIX B

DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS

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DEFINITIONS OF WORDS AND TERMS

AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS

Unless otherwise noted, the following definitions apply to each series of the Bonds, as set forth in each Indenture, except as otherwise provided or unless the context otherwise requires, the following words and terms used in each Indenture shall have the following meanings:

“Additional Bonds” means any additional parity Bonds issued by the Issuer pursuant to the Indenture that stand on a parity and equality under the Indenture with the Series 2010[] Bonds.

“Appropriated Moneys” means moneys of the Issuer which have been annually appropriated by the Issuer to pay the principal of and interest due on the Bonds and other payments described in the Indenture. (Series 2010B and Series 2010C)

“Bond Issuance Date” means April 27, 2010.

“Bondowner,” “Owner,” “Bondholder” or “Holder” means, as of any time, the registered owner of any Bond as shown in the register kept by the Trustee as bond registrar.

“Business Day” means a day, other than a Saturday, on which the Trustee and any Paying Agent shall be scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

“Cede & Co.” means Cede & Co., as nominee of The Depository Trust Company, New York, New York.

“Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking of even date herewith of the Issuer, as from time to time amended in accordance with the provisions thereof.

“Costs of Issuance” means issuance costs with respect to the Bonds including but not limited to the following:

- (a) underwriters’ spread of the Original Purchaser (whether realized directly or derived through purchase of Bonds at a discount below the price at which they are expected to be sold to the public);
- (b) counsel fees (including bond counsel, underwriter’s counsel, other transaction counsel, Issuer’s counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);
- (c) financial advisor fees of any financial advisor to the Issuer incurred in connection with the issuance of the Bonds;
- (d) rating agency fees;
- (e) trustee, escrow agent and paying agent fees;
- (f) accountant fees and other expenses related to issuance of the Bonds;
- (g) printing costs (for the Bonds and of the preliminary and final Official Statement relating to the Bonds); and
- (h) fees and expenses of the Issuer incurred in connection with the issuance of the Bonds.

“Costs of Issuance Fund” means the fund by that name created by the Indenture.

“Debt Service Fund” means the fund by that name created by the Indenture.

“Debt Service Reserve Fund” means the fund by that name created by the Indenture.

“*Default*” means any event or condition which constitutes, or with the giving of any requisite notice or upon the passage of any requisite time period or upon the occurrence of both would constitute, an event of default under the Indenture.

“*Defeasance Obligations*” means:

- (a) Government Obligations which are not subject to redemption prior to maturity; or
- (b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations); or
- (c) Pre-refunded municipal obligations meeting the requirements of paragraph (k) of the definition of Permitted Investments; or
- (d) Obligations issued by the following agencies which are backed by the full faith and credit of the United States: (i) U.S. Export-Import Bank (Eximbank), Direct obligations or fully guaranteed certificates of beneficial ownership; (ii) Farmers Home Administration (FmHA), Certificates of beneficial ownership; (iii) Federal Financing Bank; (iv) General Services Administration, Participation certificates; (iv) U.S. Maritime Administration, Guaranteed Title XI financing; (v) U.S. Department of Housing and Urban Development (HUD), Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

“*Event of Default*” means any event of default as defined in the Indenture.

“*Fiscal Year*” means the Issuer’s fiscal year, which is currently May 1 to April 30, or as it may be hereinafter defined by the Issuer.

“*Fitch*” means Fitch Ratings, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, by notice to the Issuer and the Trustee.

“*Government Obligations*” means the following:

- (a) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America, and
- (b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

“*Issuer*” means the City of Kansas City, Missouri, a constitutional charter city and political subdivision of the State of Missouri and its successors and assigns.

“*Issuer Representative*” means the City Manager, the Director of Finance, the City Treasurer or any such other person at the time designated to act on behalf of the Issuer as evidenced by a written certificate furnished by the Issuer to the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by the Director of Finance. References to each Issuer Representative shall include any person designated as serving in an acting capacity. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Issuer Representative.

“*LCRA*” means the Land Clearance for Redevelopment Authority of Kansas City, Missouri.

“*Moody’s*” means Moody’s Investors Service, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*Moody’s*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, by notice to the Trustee.

“*Officer’s Certificate*” means a written certificate in the form described in the Indenture of the Issuer signed by the Issuer Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the Issuer with respect to matters set forth therein, and which certificate in each instance, including the scope, form, substance and other aspects thereof, is acceptable to the Trustee.

“*Opinion of Co-Bond Counsel*” means a written opinion in the form described in the Indenture of any legal counsel acceptable to the Issuer and the Trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

“*Opinion of Counsel*” means a written opinion in the form described in the Indenture of any legal counsel acceptable to the Trustee, who may be an employee of or counsel to the Trustee or the Issuer.

“*Original Purchaser*” means RBC Capital Markets Corporation, as representative of the original purchasers of the Bonds.

“*Outstanding*” means when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture, except:

- (a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in the Indenture;
- (b) Bonds for whose payment or redemption money or Government Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Bonds as provided in the Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture; and
- (d) Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in the Indenture.

“*Participants*” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“*Paying Agent*” means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to the Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

“*Payment Date*” means any date on which the principal of or interest on any Bonds is payable.

“*Permitted Investments*” means any of the following securities, if and to the extent the same are at the time legal for investment of the moneys held in the funds and accounts listed in the Indenture:

- (a) **United States Treasury Securities (Bills, Notes, Bonds and Strips).** Obligations of the United States government for which the full faith and credit of the United States are pledged for the payment of principal and interest.

- (b) Federal Housing Administration debentures.
- (c) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:
 - (i) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations and Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);
 - (ii) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes;
 - (iii) Federal Home Loan Banks (FHL Banks) consolidated debt obligations; and
 - (iv) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts).
- (d) **Repurchase Agreements.** Repurchase agreements: with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “A-” by Standard and Poor’s and “A3” Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A-” by Standard and Poor’s and “A3” by Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated at least “A-” by Standard and Poor’s and “A3” Moody’s (each an “Eligible Provider”), provided that:
 - (i) (A) permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers), and (B) collateral levels must be at least 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA’s and 104% of the total principal when the collateral type is FNMA and FHLMC (“Eligible Collateral”);
 - (ii) the Trustee or a third party acting solely as agent therefore or for the Issuer (the “Custodian”) has possession of the collateral or the collateral has been transferred to the Custodian in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books) and such collateral shall be marked to market;
 - (iii) the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee and the Issuer setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;
 - (iv) the repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof; and
 - (v) the repurchase agreement shall provide that if during its term the provider’s rating by either Moody’s or Standard and Poor’s is withdrawn or suspended or falls below “A-” by Standard and Poor’s or “A3” by Moody’s, as appropriate, the provider must, notify the Issuer and the Trustee within five (5) days of receipt of such notice. Within ten (10) days of receipt of such notice, the provider shall either: (i) provide a written guarantee, (ii) post Eligible Collateral, or (iii) assign the agreement to an Eligible Provider. If the provider does not perform a remedy within ten (10) business days, the provider shall, at the direction of the Trustee repurchase all collateral and terminate the repurchase agreement, with no penalty or premium to the Issuer or the Trustee.

(e) **Bankers' Acceptances.** Bankers' acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. ("Moody's") or Standard and Poor's Ratings Group ("Standard and Poor's").

(f) **Commercial Paper.** Commercial paper issued by domestic corporations, which has received the highest short-term credit rating issued by Moody's or Standard and Poor's. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars (\$500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized rating agency at the time of purchase.

(g) Any full faith and credit obligations of the State of Missouri rated at least A and A2 by Standard and Poor's and Moody's.

(h) Any full faith and credit obligations of any county in which the Issuer is located rated AA and Aa2 by Standard and Poor's and Moody's.

(i) Any full faith and credit obligations of any school district in Kansas City, Missouri rated AA and Aa2 by Standard and Poor's and Moody's.

(j) Any full faith and credit obligations or revenue bonds of the Issuer rated AA and Aa2 by Standard and Poor's and Moody's.

(k) Any municipal obligation as defined in (g), (h), (i) or (j) that is not rated but either pre-refunded or escrowed to maturity with U.S. Treasury Securities as to both principal and interest.

(l) Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, rated in either of the two highest categories by Moody's and Standard & Poor's (in either case without regard to any modifier).

(m) Such other investments not described above that are allowed pursuant to Missouri law.

References to particular ratings and rating categories in this definition are applicable only at the time of purchase of the Permitted Investment.

"*Person*" means any natural person, firm, association, corporation, partnership, limited liability company, joint stock company, a joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

"*Record Date*" means the 15th day (whether or not a Business Day) of the calendar month next preceding the month in which an interest payment on any Bond is to be made. (Series 2010B and Series 2010C only)

"*Replacement Bonds*" means Bonds issued to the beneficial owners of the Bonds in accordance with the Indenture.

"*Securities Depository*" means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

"*Standard & Poor's*" means Standard & Poor's Ratings Services, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating service designated by the Issuer, with notice to the Trustee.

"*Supplemental Indenture*" means any indenture supplemental or amendatory to the Indenture entered into by the Issuer and the Trustee pursuant to the Indenture.

The following definitions are specific to the Indenture which authorizes the issuance of the Series 2010A Bonds:

“*Act*” means Sections 99.800 et seq. of the Revised Statutes of Missouri, as amended.

“*Bond*” or “*Bonds*” means the Series 2008B Bonds, the Series 2010A Bonds and any Additional Bonds issued pursuant to the Indenture.

“*Bond Insurance Policy*” means the Financial Guaranty Insurance Policy issued by the 2008B Bond Insurer.

“*2008B Bond Insurer*” means Assured Guaranty Corp., a Maryland domiciled stock insurance company, and its successors and assigns.

“*City Council*” means the City Council of the City of Kansas City, Missouri.

“*City Revenues*” means all moneys appropriated by the Issuer other than Incremental Tax Revenues deposited in the City Revenues Account of the Revenue Fund for transfer to the Debt Service Fund.

“*City Revenues Account*” means the account by that name in the Revenue Fund created by the Indenture.

“*Commission*” means the Tax Increment Financing Commission of Kansas City, Missouri and its successors and assigns.

“*Continuing Disclosure Agreement*” means the Continuing Disclosure Undertaking of even date herewith of the Issuer, as from time to time amended in accordance with the provisions thereof.

“*Cooperative Agreement*” means the Cooperative Agreement dated as of April 1, 2008, between the Issuer and the Commission, relating to the East Village Project and the Incremental Tax Revenues attributable thereto as amended and supplemented by the First Supplemental Cooperative Agreement, dated as of April 1, 2010.

“*Debt Service Reserve Requirement*” means, (a) with respect to the Series 2010A Bonds the sum of \$410,218.76, and (b) with respect to any Additional Bonds that are entitled to the benefit of the Debt Service Reserve Fund, the amount, if any, specified in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

“*Defeasance Obligations*” (in addition to the investments described as Defeasance Obligations above) means:

(c) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities; or

(d) the interest component of Resolution Funding Corp. (REFCORP) strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form; or

“*Economic Activity Taxes*” mean fifty percent (50%) of the total additional revenue from taxes which are imposed by other taxing districts (as that term is defined in the TIF Act) and which taxes are generated by economic activities within Project Area 1 over the amount of such taxes generated by economic activities within such Project Area 1 in the calendar year preceding the adoption of tax increment financing for the Project Area 1, but excluding therefrom (i) personal property taxes, (ii) any taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, (iii) taxes levied pursuant to Section 70.500 R.S.Mo., (iv) taxes levied for public transportation pursuant to Section 94.660 R.S.Mo. and (v) licenses, fees or special assessments, other than payments in lieu of taxes, and penalties and interest thereon.

“Event of Nonappropriation” means failure of the City to budget and appropriate on or before the last day of any Fiscal Year moneys sufficient to pay the debt service payments and additional amounts due under the Indenture and payable during the next Fiscal Year.

“Fitch” means Fitch Ratings, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, by notice to the Issuer and the Trustee.

“Incremental Tax Revenues” means, with respect to the East Village Project, PILOTS from Project Area 1 and, when appropriated by the Issuer or the State as applicable, Economic Activity Taxes, Super TIF Revenues and State TIF Revenues collected in Project Area 1.

“Indenture” means the Trust Indenture by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of the Indenture, including the First Supplemental Trust Indenture, dated as of April 1, 2010.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) thereunder and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

“Issuer Representative” (in addition to the parties listed in the definition of Issuer Representative above) includes the City Director of Planning and Development.

“Officer’s Certificate” means a written certificate in the form described in the Indenture of the Issuer signed by the Issuer Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the Issuer with respect to matters set forth therein, and which certificate in each instance, including the scope, form, substance and other aspects thereof, is acceptable to the Trustee.

“Payments in Lieu of Taxes” or *“PILOTS”* means those payments in lieu of taxes (as defined in Sections 99.805(10) and 99.845 of the Act), if any, received by the Commission or the City, attributable to the increase in the current equalized assessed valuation of all taxable lots, blocks, tracts and parcels of real property in Project Area over and above the certified total initial equalized assessed valuation of the real property in Project Area 1, as provided for by Section 99.845 of the Act, as in effect on the date of issuance of the Bonds

“Plan” means the East Village Tax Increment Financing Plan, approved by the Commission on April 5, 2006, by Resolution 4-30-66 and the Issuer on May 4, 2006, by Ordinance 060455 as such Plan may be further amended and supplemented.

“Project” means the acquisition of property, demolition of blighted structures, construction and improvement of parking facilities and other eligible redevelopment costs within the Redevelopment Area in the City of Kansas City, Missouri.

“Project Area 1” mean Project Area 1 of the East Village Tax Increment Financing Plan as described in the Indenture.

“Project Completion” means either (i) the disbursement of all moneys in the Project Fund pursuant to the Indenture or (ii) the deposit of all remaining moneys therein into the Debt Service Fund pursuant to the Indenture.

“Project Costs” mean the costs of the Project, including without limitation, all costs and expenses of planning, design, development, supervision, construction, furnishing, equipping and opening the Project, and obtaining governmental approvals, certificates, permits and licenses with respect thereto, heretofore and hereafter paid or incurred by the Issuer. The Project Costs shall include, but shall not be limited to, funds required for:

Costs of preliminary investigation and development, the performance or acquisition of feasibility and planning studies, and the securing of regulatory approvals, as well as costs for land and land rights, engineering and contractors' fees, labor, materials, equipment, utility services and supplies, legal fees, fees incurred pursuant to any lending or credit facility or agreement, and financing expenses.

Interest accruing in whole or in part on Bonds prior to and during construction of any Project or any portion thereof, and for such additional period as the Issuer may determine.

The deposit or deposits from the proceeds of the Bonds in any of the Funds or Accounts established by the Indenture.

Training and testing costs which are properly allocable to the acquisition, placing in operation or construction of a Project or any portion thereof.

All costs of insurance applicable to the period of construction and placing a Project or any portion thereof in operation.

All costs relating to injury and damage claims arising out of the acquisition or construction of a Project less proceeds of insurance.

Legally required or permitted federal, state and local taxes and payments in lieu of taxes applicable to the period of construction and placing a Project or any portion thereof in operation.

All fees and costs relating to the issuance and sale of the Bonds.

Amounts due the United States of America as rebate of investment earnings with respect to the proceeds of the Bonds or as penalties in lieu thereof.

Amounts payable with respect to capital costs for the expansion, reinforcement, enlargement or other improvement of facilities determined by the Issuer as necessary in connection with the utilization of a Project and the costs associated with the removal from service or reductions in service of any facilities as a result of the expansion, reinforcement, enlargement or other improvement of such facilities or the construction of the Project.

All other costs incurred by the Issuer and properly allocable to the acquisition, construction or placing in operation of a Project or any portion thereof.

"Record Date" means the first day (whether or not a Business Day) of the calendar month in which an interest payment on any Bond is to be made.

"Redevelopment Agreement" means the Agreement between the Commission and the Redeveloper named therein relating to implementation of the Plan.

"Redevelopment Area" means the East Village Tax Increment Financing Redevelopment Area as described in the Plan.

"Series 2008B Bonds" means the series of the Issuer's Special Obligation Bonds (East Village Project), Series 2008B, in the aggregate principal amount of \$29,030,000, issued pursuant to the Indenture.

"Series 2010A Bonds" means the Issuer's Special Obligation Bonds (East Village Project) Series 2010A, in the aggregate principal amount of \$5,615,000.

"State TIF Revenues" means amounts made available to the Issuer through the State Supplemental Tax increment Financing Program pursuant to Section 99.845, Revised Statutes of Missouri, and in conformance with an Amended Certificate of Approval from the Missouri Department of Economic Development relating to the Plan

“Super TIF Revenues” means an amount equal to the 50% of the City’s sales tax revenue and earnings tax revenue attributable to economic activity or earned in the Project Area 1 and which does not constitute economic activity taxes under the Act, which may be appropriated on an annual basis by the Issuer, to be made available for payment of debt service on the Bonds.

“Surety Bond” means the Debt Service Reserve Surety Bond issued by the Bond Insurer that guarantees certain payments into the Debt Service Reserve Fund with respect to the Series 2008B Bonds as provided therein and subject to the limitations set forth therein.

“Tax Compliance Agreement” means the Tax Compliance Agreement of even date herewith among the Issuer and the Trustee.

“Transaction Documents” means the Indenture, the First Supplemental Trust Indenture, the Cooperative Agreement, the First Supplemental Cooperative Agreement, the Bonds, the Official Statement relating to the Bonds, the Continuing Disclosure Agreement, the Tax Compliance Agreement and any and all other documents or instruments that evidence or are a part of the transactions referred to in the Indenture, the Cooperative Agreement or the Official Statement or contemplated by the Indenture or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Transaction Documents” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

The following definitions are specific to the Indenture which authorizes the issuance of the Series 2010B Bonds:

“Corporation” means the Kansas City Municipal Assistance Corporation and its successors and assigns.

“Debt Service Reserve Requirement” means, (a) with respect to the Series 2010B Bonds the sum of \$1,988,000.00, and (b) with respect to any Additional Bonds that are entitled to the benefit of the Debt Service Reserve Fund, the amount, if any, specified in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

“Indenture” means the Trust Indenture, dated as of April 1, 2010, by the Issuer and First Bank of Missouri, which authorizes the issuance of the Issuer’s Special Obligation Refunding Bonds, Series 2010B, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of the Indenture.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) thereunder and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

“MAST Debt Service Portion” means that portion of the debt service on the Bonds allocable to the refinancing of the MAST Project and refunding of the Series 1996A Refunded Bonds and related costs of issuance of the Series 2010B Bonds, as more fully set forth in the Tax Compliance Agreement.

“MAST Project” means the Metropolitan Ambulance Services Trust facility project financed with proceeds of the Series 1996A Bonds.

“Oak Street Garage Debt Service Portion” means that portion of the debt service on the Bonds allocable to the refinancing of the Oak Street Garage Project and streetlight improvements and refunding of the Series 1999A Refunded Bonds and related costs of issuance of the Series 2010B Bonds, as more fully set forth in the Tax Compliance Agreement.

“Oak Street Parking Garage Project” means the 11th and Oak Street parking garage project and street lighting improvements project financed with proceeds of the Series 1999A Bonds.

“Rebate Fund” means the fund by that name created by the Indenture.

“Refunded Bonds” means \$3,385,000 Outstanding principal amount of the Series 1996A Bonds, being refunded on a current basis; \$3,695,000 Outstanding principal amount of Series 1999A Bonds, being refunded on a current basis; and \$15,675,000 Outstanding principal amount of Series 2001B-1 Bonds, being refunded on a current basis.

“Refunding Fund” means the fund by that name created by the Indenture.

“Road Project” means collectively the Northwest Prairie View Road project, Fairyland Road project and Prospect North Road project financed with proceeds of the Series 2001B Bonds.

“Road Project Debt Service Portion” means that portion of the debt service on the Bonds allocable to the refinancing of the Road Project and refunding of the Series 2001B Refunded Bonds and related costs of issuance, as more fully set forth in the Tax Compliance Agreement.

“Series 1996A Bonds” means the Leasehold Revenue Bonds (Metropolitan Ambulance Services Trust Facility Project) Series 1996A issued by the Land Clearance for Redevelopment Authority of Kansas City, Missouri, in the original aggregate principal amount of \$8,255,000.

“Series 1996A Indenture” means the Trust Indenture dated as of February 1, 1996, between the LCRA and the Series 1996A Trustee, pursuant to which the Series 1996A Bonds were issued.

“Series 1996A Refunded Bonds” means the Outstanding Leasehold Revenue Bonds (Metropolitan Ambulance Services Trust Facility Project) Series 1996A, issued by the Land Clearance for Redevelopment Authority of Kansas City, Missouri.

“Series 1996A Trustee” means The Bank of New York Mellon Trust Company, N.A., as successor to Boatmen’s Trust Company, in its capacity as Trustee under the Series 1996A Indenture.

“Series 1999A Bonds” means the Leasehold Improvement Revenue Bonds (City of Kansas City, Missouri, Lessee) Series 1999A issued by the Kansas City Municipal Assistance Corporation in the original aggregate principal amount of \$7,950,000.

“Series 1999A Indenture” means the Indenture of Trust dated as of May 1, 1999, between the Corporation and the Series 1999A Trustee, pursuant to which the Series 1999A Bonds were issued.

“Series 1999A Refunded Bonds” means the Outstanding Leasehold Revenue Bonds (City of Kansas City, Missouri, Lessee) Series 1999A, issued by the Kansas City Municipal Assistance Corporation.

“Series 1999A Trustee” means First Bank of Missouri, in its capacity as Trustee under the Series 1999A Indenture.

“Series 2001B-1 Bonds” means the Leasehold Improvement Revenue Bonds (City of Kansas City, Missouri, Lessee) Series 2001B-1 issued by the Kansas City Municipal Assistance Corporation in the original aggregate principal amount of \$20,205,000.

“Series 2001B-1 Indenture” means the Trust Indenture dated as of September 1, 2001, between the Corporation and the Series 2001B-1 Trustee, pursuant to which the Series 2001B-1 Bonds were issued.

“Series 2001B-1 Refunded Bonds” means the Outstanding Leasehold Improvement Revenue Bonds (City of Kansas City, Missouri, Lessee) Series 2001B-1, issued by the Kansas City Municipal Assistance Corporation.

“*Series 2010B Bonds*” means the Issuer’s Special Obligation Refunding Bonds (Kansas City, Missouri, Projects) Series 2010B, in the aggregate principal amount of \$19,880,000.

“*Tax Compliance Agreement*” means the Tax Compliance Agreement of even date herewith among the Issuer and the Trustee.

“*Transaction Documents*” means the Indenture, the Bonds, the Official Statement relating to the Bonds, the Continuing Disclosure Undertaking, the Tax Compliance Agreement and any and all other documents or instruments that evidence or are a part of the transactions referred to in the Indenture, or the Official Statement or contemplated by the Indenture or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Transaction Documents” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

The following definitions are specific to the Indenture which authorizes the issuance of the Series 2010C Bonds:

“*City Market Bonds*” means the Taxable Lease Revenue Refunding Bonds, Series 1998 (City Market Project) issued in the original aggregate principal amount of \$14,980,000 by the Planned Industrial Expansion Authority of Kansas City, Missouri.

“*City Market Debt Service Portion*” means that portion of the debt service on the Series 2010C Bonds allocable to the refunding of the City Market Bonds and related costs of issuance of the Series 2010C Bonds, as more fully set forth in the First Supplemental Cooperation Agreement.

“*City Market Amendment to Site Lease*” means the First Amendment to Amended and Restated City Market Site Lease dated as of April 1, 2010, by and between the Issuer and PIEA.

“*City Market Cooperation Agreement*” means the Cooperation Agreement dated as of September 1, 1998, as amended and supplemented by the First Supplemental Cooperation Agreement, by and between the Issuer and PIEA.

“*City Market Indenture*” means the Indenture of Trust and Security Agreement, dated as of September 1, 1998, which authorized the issuance of the City Market Bonds.

“*City Market Project*” means the acquisition from the City of a leasehold interest in the City Market including the site and certain existing buildings, structures and improvements thereon.

“*City Market Site Lease*” means the Amended and Restated City Market Site Lease dated as of September 1, 1998, as amended and supplemented by the City Market Amendment to Site Lease, by and between the Issuer and PIEA.

“*City Market Supplemental Cooperation Agreement*” means the City Market First Supplemental Cooperation Agreement dated as of April 1, 2010, by and between the Issuer and PIEA.

“*City Market Trustee*” means First Bank of Missouri.

“*Debt Service Reserve Requirement*” means, (a) with respect to the Series 2010C Bonds the sum of \$1,236,000, and (b) with respect to any Additional Bonds that are entitled to the benefit of the Debt Service Reserve Fund, the amount, if any, specified in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

“*Indenture*” means the Trust Indenture, dated as of April 1, 2010, by the Issuer and First Bank of Missouri, which authorizes the issuance of the Issuer’s Taxable Special Obligation Refunding Bonds, Series 2010C, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of the Indenture.

“*PIEA*” means The Planned Industrial Expansion Authority of Kansas City, Missouri.

“*Refunded Bonds*” means \$7,290,000 Outstanding principal amount of the City Market Bonds, being refunded on a current basis, and \$2,015,000 Outstanding principal amount of Valentine Bonds, being refunded on a current basis.

“*Refunding Fund*” means the fund by that name created by the Indenture.

“*Series 2005E Bonds*” means the Improvement and Refunding Revenue Bonds, (Municipal Auditorium Garage Improvements and Muehlebach Hotel Refunding Projects) Series 2005E issued in the original aggregate principal amount of \$33,130,000 by the Land Clearance for Redevelopment Authority of Kansas City, Missouri.

“*Series 2005E Bonds Debt Service Portion*” means that portion of the debt service on the Series 2010C Bonds allocable to the reimbursement of the City for the cash funding of the Series 2005E.

“*Series 2010C Bonds*” means the Issuer’s Taxable Special Obligation Refunding Bonds (Kansas City, Missouri, Projects) Series 2010C, in the aggregate principal amount of \$12,360,000.

“*Transaction Documents*” means the Indenture, the Bonds, the Valentine Financing Agreement, the City Market Site Lease, the City Market Cooperation Agreement, the Official Statement relating to the Bonds, the Continuing Disclosure Undertaking, and any and all other documents or instruments that evidence or are a part of the transactions referred to in the Indenture, or the Official Statement or contemplated by the Indenture or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Transaction Documents” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

“*Valentine Bonds*” means the Taxable Infrastructure Facilities Revenue Bonds (Kansas City, Missouri – Valentine Shopping Center Redevelopment Project) Series 1998 issued in the original aggregate principal amount of \$3,500,000 by the Missouri Development Finance Board.

“*Valentine Debt Service Portion*” means that portion of the debt service on the Series 2010C Bonds allocable to the refunding of the Valentine Bonds and related costs of issuance of the Series 2010C Bonds, as more fully set forth in the Valentine Financing Agreement.

“*Valentine Financing Agreement*” means the Financing Agreement dated as of April 1, 2010, by and between the City and LCRA.

“*Valentine Indenture*” means the Trust Indenture dated as of April 1, 1998, which authorized the issuance of the Valentine Bonds.

“*Valentine Project*” means the acquisition and construction of the Valentine Shopping Center Redevelopment Project.

“*Valentine Trustee*” means UMB Bank, N.A.

SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Indenture relating to the Bonds. This summary does not purport to be complete or comprehensive, and is qualified in its entirety by reference to the Indenture, copies of which are available from the Underwriter.

Granting Clause (Series 2010A)

The Issuer will transfer in trust, pledge and assign to the Trustee, and grant a security interest to the Trustee in, the property described in paragraphs (a), (b) and (c) below (said property referred to herein as the “Trust Estate”):

(a) All right, title and interest of the Issuer in, to and under the Special Allocation Funds (including all Payments in Lieu of Taxes from Project Area 1) and the accounts thereunder, except for the Issuer’s Unassigned Rights; and

(b) All right, title and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof) in, to and under (i) the Cooperative Agreement, except for the Issuer’s Unassigned Rights, and (ii) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the proceeds of the Bonds; and

(c) All other moneys and securities from time to time held by the Trustee under the terms of the Indenture (excluding amounts held in the Rebate Fund, as hereinafter defined), and any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture by the Issuer, or by anyone in its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

The Trustee shall hold in trust and administer the Trust Estate, upon the terms and conditions set forth in the Indenture for the equal and pro rata benefit and security of each and every owner of Bonds, without preference, priority or distinction as to participation in the lien, benefit and protection of the Indenture of one Bond over or from the others, except as otherwise expressly provided in the Indenture.

Granting Clause (Series 2010B and Series 2010C)

The Issuer will transfer in trust, pledge and assign to the Trustee, and grant a security interest to the Trustee in, the property described (a), (b) and (c) below (said property referred to in the Indenture as the “Trust Estate”):

- a) All Appropriated Moneys;
- b) All moneys and securities (except moneys and securities held in the Rebate Fund) from time to time held by the Trustee under the terms of the Indenture; and
- c) Any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture by the Issuer or by anyone in its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

The Trustee shall hold in trust and administer the Trust Estate, upon the terms and conditions set forth in the Indenture for the equal and pro rata benefit and security of each and every owner of Bonds, without preference, priority or distinction as to participation in the lien, benefit and protection of the Indenture of one Bond over or from the others, except as otherwise expressly provided herein.

Authorization of Additional Bonds.

Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity (except as otherwise provided in this Section) with the Series 2010[] Bonds and any other Additional Bonds at any time and from time to time, upon compliance with the conditions set forth in this Section.

Before any Additional Bonds are issued under the provisions of this Section, the Issuer shall pass an Ordinance (a) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof and describing the purpose or purposes for which such Additional Bonds are being issued, (b) authorizing the Issuer to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such series of Bonds and the form of the Bonds of such series, and (c) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the Issuer, are not prejudicial to the Issuer or the owners of the Bonds previously issued.

Except as to any difference in the date, the maturities, the rates of interest or the provisions for redemption, such Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of the Indenture as the Series 2010[] Bonds and any other Additional Bonds, and except that the Issuer may issue Additional Bonds that are not entitled to the benefit and security of the Debt Service Reserve Fund or any comparable reserve fund. If such Additional Bonds are secured by the Debt Service Reserve Fund, such Fund shall be fully funded to the Debt Service Reserve Requirement at the time of issuance of such Additional Bonds from the proceeds of the sale of such Additional Bonds or other available moneys.

Except as provided in the Indenture, the Issuer will not otherwise issue any obligations on a parity with the Bonds, but the Issuer may issue other obligations specifically subordinate and junior to the Bonds.

Method and Place of Payment.

The principal of, redemption premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal of and the redemption premium, if any, on all Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond register maintained by the Trustee at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the principal corporate trust office of the Trustee or of any Paying Agent named in the Bonds.

The interest payable on each Bond on any Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond register at the close of business on the Record Date for such interest, (a) by check or draft mailed to such registered owner at such owner's address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such owner, or (b) at the written request addressed to the Trustee by any owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to such owner upon written notice to the Trustee from such owner containing the electronic transfer instructions (which shall be in the continental United States) to which such owner wishes to have such transfer directed and such written notice is given by such owner to the Trustee not less than 15 days prior to the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Interest on any Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the owner of such Bond on the relevant Record Date and shall be payable to the owner in whose name such Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for

such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the owners of the Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each owner of a Bond entitled to such notice at the address of such owner as it appears on the bond register not less than 10 days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Bond delivered under the Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Mutilated, Destroyed, Lost and Stolen Bonds.

If (a) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer and the Trustee such security or indemnity as may be required by the Trustee to save the Trustee and the Issuer harmless, then, in the absence of notice to the Trustee that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and upon its request the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond under this Section, the Issuer and the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

Every new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond, shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of the Indenture equally and ratably with all other Outstanding Bonds.

Election to Redeem; Notice to Trustee.

In case of any redemption at the election of the Issuer, the Issuer shall, at least 45 days prior to the redemption date fixed by the Issuer (unless a shorter notice shall be satisfactory to the Trustee) give written notice to the Trustee directing the Trustee to call Bonds for redemption and give notice of redemption and specifying the redemption date, the principal amount and maturities of Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of the Indenture pursuant to which such Bonds are to be called for redemption.

The foregoing provisions of this Section shall not apply in the case of any mandatory redemption of Bonds under the Indenture, and the Trustee shall call Bonds for redemption and shall give notice of redemption pursuant to such mandatory redemption requirements without the necessity of any action by the Issuer and whether or not the Trustee shall hold in the Debt Service Fund moneys available and sufficient to effect the required redemption.

Selection by Trustee of Bonds To Be Redeemed.

Bonds may be redeemed only in the principal amount of \$5,000 (or other authorized denomination of the Bonds of any series specified in the Supplemental Indenture authorizing such series of Bonds) or any integral multiple thereof.

If less than all Bonds of any maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Trustee from the Bonds of such maturity which have not previously been called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions equal to \$5,000 (or other minimum authorized denomination of the Bonds of such series) of the principal of Bonds of a denomination larger than \$5,000 (or such other minimum authorized denomination).

The Trustee shall promptly notify the Issuer in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Notice of Redemption.

Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Trustee on behalf of the Issuer by mailing a copy of an official redemption notice by first class mail, at least 30 days and not more than 60 days prior to the redemption date to each registered owner of the Bonds to be redeemed at the address shown on the bond register.

The failure of any owner of Bonds to receive notice given as provided in this Section, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any owner receives such notice.

In addition to the foregoing notice, further notice shall be given by the Trustee on behalf of the Issuer at least two days before the date of mailing of such notice to the registered owners by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds. Each further notice of redemption given shall contain the information required above for an official notice of redemption plus (a) the CUSIP numbers of all Bonds being redeemed; (b) the date of issue of the Bonds as originally issued; (c) the rate of interest borne by each Bond being redeemed; (d) the maturity date of each Bond being redeemed; and (e) any other descriptive information needed to identify accurately the Bonds being redeemed. No defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

For so long as the Securities Depository is effecting book-entry transfers of the Bonds, the Trustee shall provide the notices specified in this Section to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a Bond (having been mailed notice from the Trustee, the Securities Depository, a Participant or otherwise) to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Creation and Ratification of Funds and Accounts.

There are hereby created and ordered to be established and/or ratified in the custody of the Trustee the following special trust funds in the name of the Issuer to be designated as follows:

For Series 2010A Bonds:

- (a) Project Fund;

- (b) Costs of Issuance Fund;
- (c) Revenue Fund, and within such Revenue Fund a PILOTS Account, an EATS Account, a Super TIF Account, a State TIF Account and a City Revenues Account;
- (d) Capitalized Interest Fund;
- (e) Debt Service Fund and within such Debt Service Fund, a Redemption Account;
- (f) Debt Service Reserve Fund, and
- (g) Rebate Fund.

A separate account for the Series 2010A Bonds shall be established in the Project Fund, the Costs of Issuance Fund and the Debt Service Reserve Fund.

For Series 2010B Bonds:

- a) Refunding Fund, and within such Refunding Fund a Series 1996A Account, a Series 1999A Account and a Series 2001B-1 Account.
- b) Costs of Issuance Fund.
- c) Debt Service Fund.
- d) Debt Service Reserve Fund.
- e) Rebate Fund.

For Series 2010C Bonds:

- a) Refunding Fund, and within such Refunding Fund a City Market Bonds Account, a Valentine Bonds Account and a Muehlebach Account.
- b) Costs of Issuance Fund.
- c) Debt Service Fund and within such Debt Service Fund a City Market Rent Account, a Valentine Rent Account and a Muehlebach Account.
- d) Debt Service Reserve Fund.
- e) Series 2005E Reimbursement Project

The Trustee is authorized to establish separate accounts within such funds or otherwise segregate moneys within such funds, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient, or as the Trustee shall be instructed by the Issuer.

Disbursements from the Project Fund. (Series 2010A only)

The Trustee is authorized and directed to make each disbursement from each account of the Project Fund, upon submission of a Requisition Certificate, executed by the Issuer Representative. Moneys in the Project Fund may also be invested as provided in the Indenture. The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all receipts and disbursements therefrom, including records of all disbursement certificates submitted pursuant to the Indenture, and after the Project has been completed and a Completion Certificate has been filed with the Trustee, the Trustee shall file an accounting thereof with the Issuer. The Trustee shall be entitled to

rely conclusively on the statements of fact and certifications contained in any disbursement request or completion certificate furnished to the Trustee.

Transfer of Project Fund Moneys on Completion. (Series 2010A only)

The completion of the Project and payment or provision for payment of all Project Costs for the Project shall be evidenced by the filing with the Trustee of a Completion Certificate. As soon as practicable after the filing of the Completion Certificate for the Project, any balance remaining in the Project Fund (except amounts the Issuer shall have directed the Trustee in writing to retain for any Project Costs not then due and payable) shall without further authorization be transferred into the Debt Service Fund and shall be applied by the Trustee as directed by the Issuer solely to the payment of principal of, redemption premium, if any, and interest on the Series 2008B Bonds through the payment or redemption thereof at the earliest date permissible under the terms of the Indenture. Such balance transferred to the Debt Service Fund may first be used to pay any principal payment on the Series 2008B Bonds coming due in that current bond year. If such balance transferred is greater than the current bond year principal payment, the excess shall be transferred to the Revenue Fund or transferred to the Redemption Account in the Debt Service Fund.

Use of Money in Project Fund Upon Default. (Series 2010A only)

If the principal of the Series 2008B Bonds shall have become due and payable pursuant to the Indenture, any balance remaining in the Project Fund shall without further authorization be transferred into the Debt Service Fund.

Costs of Issuance Fund.

The moneys on deposit in the Costs of Issuance Fund shall be disbursed by the Trustee from time to time, upon receipt of written disbursement requests of the Issuer signed by the Issuer Representative, in amounts equal to the amount of Costs of Issuance certified in such written requests. At such time as the Trustee is furnished with an Officer's Certificate from the Issuer stating that all Costs of Issuance have been paid, and in any case not later than six months from the date of original issuance of the Series 2010[] Bonds, unless waived by the Issuer, the Trustee shall transfer any moneys remaining in the Costs of Issuance Fund to the Project Fund (Series 2010A only) or Debt Service Fund.

Transfer of Appropriated Moneys by Issuer. (Series 2010B and Series 2010C)

Subject to annual appropriation, not less than one (1) Business Day prior to each Payment Date, the Issuer shall transfer to the Trustee Appropriated Moneys for the Bonds sufficient to make the following deposits to the funds and accounts created under the Indenture and the Trustee shall deposit such Appropriated Moneys received from the Issuer as follows:

- (a) *First*, for transfer to the Debt Service Fund an amount sufficient to pay the principal of and interest on the Bonds on the next succeeding Payment Date and, if so directed by the Issuer, to pay such amount of the principal of and interest due on the Bonds in the then-current Fiscal Year as the Issuer shall direct (taking into account moneys already on deposit in the Debt Service Fund for payment of principal of and interest on the Bonds), subject to the restrictions on use of such moneys as described in the Indenture;
- (b) *Second*, for transfer to the Debt Service Reserve Fund such amounts as may be required to restore any deficiency in the Debt Service Reserve Fund if the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement;
- (c) *Third*, for payment to the Trustee or any Paying Agent, an amount sufficient for payment of any fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the Issuer of an invoice for such amounts;

If the amount transferred by the Issuer shall be insufficient to make all such deposits, such Appropriated Moneys will be applied in such amounts and into such funds and accounts as directed by the Issuer.

Revenue Fund (Series 2010A only).

The Issuer shall transfer, or cause to be transferred all Incremental Tax Revenues to the Trustee for deposit into the Revenue Fund in accordance with the Cooperative Agreement and the Indenture. All PILOTS shall be deposited to the PILOTS Account, Economic Activity Taxes shall be deposited in the EATS Account, all Super TIF Revenues shall be deposited in the Super TIF Account and all State TIF Revenues shall be deposited in the State TIF Revenues Account. Any City Revenues deposited by the City shall be deposited in the City Revenues Account.

After amounts in the Capitalized Interest Fund have been depleted, the Trustee shall transfer to the Debt Service Fund on the third Business Day prior to a Payment Date an amount sufficient to pay the principal of and interest becoming due and payable, whether by stated maturity or mandatory sinking fund redemption, on the respective Series of Bonds and other amounts due under the Indenture and notify the Issuer of the amount so deposited. Moneys transferred from the Revenue Fund shall be drawn first from the PILOTS Account, then from the EATS Account, then from the Super TIF Account, then from the State TIF Revenues Account and finally from the City Revenues Account.

Additional Transfers from Revenue Fund. (Series 2010A only) After all payments required by the Indenture have been made, on the second Business Day preceding each Interest Payment Date (except as otherwise provided below), or any other appropriate Business Day upon instructions from the Issuer, moneys in the Revenue Fund shall be applied by the Trustee for the remaining purposes and in the amounts as follows:

First, to the Rebate Fund, an amount sufficient to pay rebate, if any, to the United States of America, owed under Section 148 of the Code, as directed in writing by the Issuer in accordance with the Tax Compliance Agreement;

Second, for transfer to the Debt Service Reserve Fund such amounts as may be required to restore any deficiency in the Debt Service Reserve Fund if the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement;

Third, to the Trustee or any Paying Agent, an amount sufficient for payment of any reasonable fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the Issuer of an invoice for such amounts, and any surveillance fees of the Rating Agencies,

Fourth, to the Issuer, an amount sufficient to reimburse the Issuer for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the Plan, and to reimburse the Issuer for City Revenues advanced to pay debt service on the Bonds, upon delivery to the Trustee of an invoice for such amounts;

Fifth, to the Commission, an amount sufficient to reimburse the Commission for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the TIF Plan and the Redevelopment Agreement, upon delivery to the Trustee of an invoice for such amounts stating that such payment is permitted under the Act;

If the amount transferred by the Issuer shall be insufficient to make all such deposits, such amounts will be applied in such amounts and into such funds and accounts as directed by the Issuer.

After April 15 of each year, the Trustee at the written direction of the Issuer may transfer the remaining Net Incremental Tax Revenues either to Redemption Account of the Debt Service Fund to be applied to the payment of the principal of and accrued interest on all Bonds on the next succeeding Interest Payment Date pursuant to the Indenture or returned to the Issuer to fund additional projects under the Plan or for other purposes permitted by applicable laws.

Upon the payment in full of the principal of and interest on the Bonds (or provision has been made for the payment thereof as specified in the Indenture) and the fees, charges and expenses of the Trustee and any Paying Agents, and any other amounts required to be paid under the Indenture or the Cooperative Agreement, all amounts remaining on deposit in the Revenue Fund (other than in the Super TIF Revenues Account, the State TIF Revenues Account or City Revenues Account) shall be paid to the Commission for deposit into the Special Allocation Fund. Amounts in the State TIF Revenues Account shall be returned to the State and amounts in the Super TIF Revenues Account and the City Revenues Account shall be returned to the Issuer.

Debt Service Fund. (Series 2010A only).

The Trustee shall deposit and credit to the Debt Service Fund, as and when received, as follows:

- (a) The amounts required to be deposited from proceeds of the Series 2010A Bonds or upon transfer from the Costs of Issuance Fund.
- (b) Any amount required to be transferred from the Project Fund pursuant to the Indenture.
- (c) Any amount required to be transferred from the Debt Service Reserve Fund pursuant to the Indenture.
- (d) Interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Fund pursuant to the Indenture.
- (e) Any amounts required by a Supplemental Indenture authorizing the issuance of Additional Bonds to be deposited in the Debt Service Fund, as specified in such Supplemental Indenture.
- (f) All other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or any other Transaction Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Fund.

Debt Service Fund (Series 2010B and Series 2010C)

The Trustee shall deposit and credit to the Debt Service Fund, as and when received, as follows:

- a) The amounts required to be deposited therein under the Indenture.
- b) The amounts required to be deposited therein under the Indenture, provided that the Trustee shall allocate amounts which the Issuer designates as having restrictions on the use which may be made thereof, solely to the payment of the applicable portion of debt service designated by the Issuer.
 - (i) Any amounts paid by LCRA for the payment of the Valentine Project Portion of the Bonds pursuant to the Valentine Financing Agreement shall be deposited in the Valentine Rent Account of the Debt Service Fund to be applied to the Valentine Debt Service Portion. (Series 2010C only)
 - (ii) Any amounts paid by PIEA for the payment of the City Market Project Portion of the Bonds pursuant to the City Market Site Lease or the City Market Cooperation Agreement shall be deposited in the City Market Rent Account of the Debt Service Fund to be applied to the City Market Debt Service Portion. (Series 2010C only)
- c) Any amount required to be transferred from the Debt Service Reserve Fund pursuant to the Indenture.
- d) Interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Fund pursuant to the Indenture.

e) Any amounts required by a Supplemental Indenture authorizing the issuance of Additional Bonds to be deposited in the Debt Service Fund, as specified in such Supplemental Indenture.

f) All other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or any other Transaction Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Fund.

Debt Service Fund provisions applicable to all Bonds:

The moneys in the Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of the Indenture to pay the principal of and redemption premium, if any, and interest on the Bonds as the same become due and payable. Except as otherwise provided herein, moneys in the Debt Service Fund shall be expended solely as follows: (i) to pay interest on the Bonds as the same becomes due; (ii) to pay principal of the Bonds as the same mature or become due and upon mandatory sinking fund redemption thereof; and (iii) to pay principal of and redemption premium, if any, on the Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity.

The Trustee is authorized and directed to withdraw sufficient funds from the Debt Service Fund to pay principal of, redemption premium, if any, and interest on the Bonds as the same become due and payable at maturity or upon redemption and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest.

The Trustee, upon the written instructions from the Issuer, shall use excess moneys in the Debt Service Fund to redeem all or part of the Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the Issuer, in accordance with the provisions of the Indenture, to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption. The Issuer may cause such excess money in the Redemption Account or such part thereof or other moneys of the Issuer, as the Issuer may direct, to be applied by the Trustee on a best efforts basis to the extent practical for the purchase of Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of redemption premium, if any, and interest on the Bonds (or after provision has been made for the payment thereof as provided in the Indenture), and the fees, charges and expenses of the Trustee, any Paying Agents and the Issuer, and any other amounts required to be paid under the Indenture, all amounts remaining in the Debt Service Fund shall be paid to the Issuer.

Debt Service Reserve Fund.

The Trustee shall deposit and credit to the Debt Service Reserve Fund, as and when received, as follows:

a) Any amounts transferred from the Debt Service Reserve Funds of the Refunded Bonds pursuant to the Indenture. (Series 2010B and Series 2010C only)

b) Any payments required to be made by the Issuer pursuant to the Indenture to make up a deficiency in the Debt Service Reserve Fund.

c) Interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Reserve Fund pursuant to the Indenture.

d) Any amounts required by a Supplemental Indenture authorizing the issuance of Additional Bonds to be deposited in the Debt Service Reserve Fund, as specified in such Supplemental Indenture.

e) All other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or any other Transaction Document, when accompanied by written directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Reserve Fund.

Moneys in the Debt Service Reserve Fund shall be disbursed and expended by the Trustee solely for the payment of the principal of and redemption premium, if any, and interest on the Bonds if sufficient moneys therefor are not available in the Debt Service Fund. In the event the balance of moneys in the Debt Service Fund is insufficient to pay principal of or interest on the Bonds when due and payable, moneys in the Debt Service Reserve Fund shall be transferred into the Debt Service Fund in an amount sufficient to make up such deficiency. The Trustee may use moneys in the Debt Service Reserve Fund for such purpose whether or not the amount in the Debt Service Reserve Fund at that time equals the Debt Service Reserve Requirement. Such moneys shall be used first to make up any deficiency in the payment of interest and then principal. Moneys in the Debt Service Reserve Fund shall also be used to pay the last Bonds becoming due unless such Bonds and all interest thereon be otherwise paid, and thereafter any remaining balance in the Debt Service Reserve Fund shall be paid to the Issuer.

The Trustee shall determine the value of cash and Permitted Investments in the Debt Service Reserve Fund each April 15 and October 15 (Series 2010A) January 1 and July 1 (Series 2010B) or April 1 and October 1 (Series 2010C) and at the time of any withdrawal from the Debt Service Reserve Fund and at such other times as the Trustee deems appropriate. If on any such valuation date, the value of cash and Permitted Investments on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, or at any time any amount is withdrawn from the Debt Service Reserve Fund for the purposes described above, the Trustee shall immediately notify the Issuer of such deficiency, and instruct the Issuer to make up such deficiency by making payment of such deficiency in 12 equal monthly installments directly to the Trustee for deposit in the Debt Service Reserve Fund; provided, however, that if the Trustee or the owners of not less than a majority in principal amount of Bonds then Outstanding shall approve another schedule of periodic payments, the amount of such deficiency shall be paid to the Trustee in accordance with such schedule. If at any time of valuation, the value of cash and Permitted Investments on deposit in the Debt Service Reserve Fund is in excess of the Debt Service Reserve Requirement the amount of such excess shall be transferred to the Debt Service Fund.

In lieu of a cash deposit, the Debt Service Reserve Requirement will be satisfied by the Reserve Policy. In the event that a surety bond or insurance policy other than the Reserve Policy is provided to the Trustee in lieu of a cash deposit, such surety bond or insurance policy must be a surety bond or insurance policy issued by an insurance company which at the time of issuance is rated in one of the two highest rating category by Standard & Poor's and Moody's and, if rated by A.M. Best & Company, must also be rated in the highest rating category by A.M. Best & Company at the time of issuance.

If the Debt Service Reserve Fund contains both cash and the Reserve Policy, then upon an application of amounts in the Debt Service Reserve Fund to pay the principal of and interest on the Bonds, such cash will be drawn down completely before any demand is made on the Reserve Policy. If the Debt Service Reserve Fund contains both the Reserve Policy and another surety bond or insurance policy, then upon an application of amounts in the Debt Service Reserve Fund to pay the principal of and interest on the Bonds, there shall be a pro-rata draw on the Reserve Policy and such other surety bond or insurance policy.

Any replenishment of moneys in the Debt Service Reserve Fund shall be applied first to reimburse any applicable Bond Insurer, thereby reinstating the Reserve Policy, and second to replenish any cash on deposit in the Debt Service Reserve Fund, if any.

Payments Due on Saturdays, Sundays and Holidays.

In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Nonpresentment of Bonds.

In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Issuer to the owner thereof for the payment of such Bond, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on such person's part under the Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the Issuer the funds theretofore held by it for payment of such Bond without liability for interest thereon, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Moneys to be Held in Trust.

All moneys deposited with or paid to the Trustee for the funds and accounts held under the Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of the Indenture shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of the Indenture, and, until used or applied as herein provided, shall constitute part of the Trust Estate and be subject to the lien, terms and provisions of the Indenture and shall not be commingled with any other funds of the Issuer except as provided under the Indenture for investment purposes. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received under the Indenture except to the extent such moneys are invested in Permitted Investments.

Investment of Moneys.

Moneys held in each of the funds and accounts under the Indenture shall, pursuant to written directions of the Issuer Representative, be invested and reinvested by the Trustee in accordance with the provisions of the Indenture in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. If the Issuer fails to provide written directions concerning investment of moneys held in the funds, the Trustee may invest in such Permitted Investments specified in paragraph (l) of the definition of Permitted Investments, provided they mature or are subject to redemption prior to the date such funds will be needed. The Trustee is specifically authorized to implement its automated cash investment system to invest cash and to charge its normal cash management fees, which may be deducted from earned income on investments. The Trustee may make any investments permitted by the provisions of this Section through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account. After the Trustee has notice pursuant to the Indenture of the existence of an Event of Default, the Trustee shall direct the investment of moneys in the Funds held under the Indenture. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments.

Limited Obligations. (Series 2010A)

The Bonds and the interest thereon shall be special, limited obligations of the Issuer payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof) solely out of City Revenues and Incremental Tax Revenues and moneys in the Funds and Accounts held by the Trustee under the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall

not be deemed to constitute a debt or liability of the Issuer within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the Issuer, but shall be payable solely from the funds provided for in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment.

Limited Obligations (Series 2010B and Series 2010C).

The Bonds and the interest thereon shall be special, limited obligations of the Issuer payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof and under certain circumstances from insurance proceeds and condemnation awards) solely out of Appropriated Moneys and moneys in the Funds and Accounts held by the Trustee under the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the Issuer within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the Issuer, but shall be payable solely from the funds provided for in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment.

Inspection of Books.

The Issuer covenants and agrees that all books and documents in its possession relating to the Bonds and the Indenture, and the transactions relating thereto shall at all reasonable times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate. The Trustee covenants and agrees that all books and documents in its possession relating to the Bonds and the Indenture, and the transactions relating thereto, including financial statements of the Issuer, shall be open to inspection by the Issuer during business hours upon reasonable notice.

Enforcement of Rights.

The Issuer agrees that the Trustee, as assignee, transferee, pledgee, and owner of a security interest under the Indenture in its name or in the name of the Issuer may enforce all rights of the Issuer and the Trustee for and on behalf of the bondowners, whether or not the Issuer is in default under the Indenture.

Tax Covenants. (Series 2010A and Series 2010B only)

The Issuer shall at all times do and perform all acts and things permitted by law and the Indenture which are necessary or desirable in order to assure that interest paid on the Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the Issuer agrees to comply with the provisions of the Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds

Annual Appropriations.

The Issuer intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to the Indenture, moneys sufficient to pay all the principal of and interest on the Bonds coming due in the next succeeding Fiscal Year. The Issuer shall deliver written notice to the Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the principal of and interest on the Bonds to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the principal of and interest on the Bonds to become due during such Fiscal Year, the failure of the Issuer to deliver the foregoing notice on or before the fifteenth day after the commencement of its Fiscal Year shall not constitute an Event of Nonappropriation and, on failure to receive such notice 15 days after the commencement of the Issuer's Fiscal Year, the Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If the City Council shall not have made the appropriation necessary to pay the principal of and interest on the Bonds to become due during such succeeding

Fiscal Year, the failure of the Issuer to deliver the foregoing notice on or before the fifteenth day after the commencement of its Fiscal Year shall constitute an Event of Nonappropriation.

Annual Budget Request.

The City Manager or other officer of the Issuer at any time charged with the responsibility of formulating budget proposals shall include in the budget proposals submitted to the City Council, in each Fiscal Year in which the Bonds are Outstanding, an appropriation for all payments of principal of and interest on the Bonds required for the ensuing Fiscal Year; it being the intention of the Issuer that the decision to appropriate or not to appropriate under the Indenture shall be made solely by the City Council and not by any other official of the Issuer. The Issuer intends, subject to the provisions above respecting the failure of the Issuer to budget or appropriate funds to make payments on the Bonds, to pay the debt service on the Bonds under the Indenture. The Issuer reasonably believes that legally available funds in an amount sufficient to make all payments of principal of and interest on the Bonds due during each Fiscal Year can be obtained. The Issuer further intends to do all things lawfully within its power to obtain and maintain funds from which payments of principal of and interest on the Bonds may be made, including making provision for such debt service payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the Issuer and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. The Issuer's Director of Finance is directed to do all things lawfully within such Director's power to obtain and maintain funds from which the principal of and interest on the Bonds may be paid, including making provision for such debt service payments to the extent necessary in each proposed annual budget submitted for approval or by supplemental appropriation in accordance with applicable procedures of the Issuer and to exhaust all available reviews and appeals in the event such portion of the budget or supplemental appropriation is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the Issuer's normal procedures for such decisions.

Events of Default.

The term "event of default," wherever used in the Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) default in the payment of any interest on any Bond when such interest becomes due and payable;
- (b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or
- (c) default in the performance, or breach, of any covenant or agreement of the Issuer in the Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in this Section), and continuance of such default or breach for a period of 60 days after there has been given to the Issuer by the Trustee or to the Issuer and the Trustee by the owners of at least 10% in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Issuer shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch.

Acceleration of Maturity; Rescission and Annulment.

If an event of default occurs and is continuing, the Trustee may, and shall at the direction of the owners of not less than 25% in principal amount of the Bonds Outstanding, by written notice to the Issuer, declare the principal

of all Bonds Outstanding and the interest accrued thereon to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Indenture or the Bonds to the contrary notwithstanding.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in this Article, the Trustee or the owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if

(a) the Issuer has deposited with the Trustee a sum sufficient to pay

all overdue installments of interest on all Bonds;

the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in the Bonds;

interest upon overdue installments of interest at the rate prescribed therefor in the Bonds;
and

all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(b) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Indenture.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Exercise of Remedies by the Trustee.

Upon the occurrence and continuance of any event of default under the Indenture, unless the same is waived as provided in the Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Indenture or by law:

a) ***Right To Bring Suit, Etc.*** The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Indenture, to realize on or to foreclose any of its interests or liens under the Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the Issuer as set forth in the Indenture and to enforce or preserve any other rights or interests of the Trustee under the Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.

b) ***Exercise of Remedies at Direction of Bondowners.*** If requested in writing to do so by the owners of not less than 25% in principal amount of Bonds Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by this Article as the Trustee shall deem most expedient in the interests of the bondowners.

c) ***Appointment of Receiver.*** Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondowners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

d) ***Suits To Protect the Trust Estate.*** The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under the Indenture or be prejudicial to the interests of the bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the bondowners in any judicial proceeding to which the Issuer is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the bondowners.

e) ***Enforcement Without Possession of Bonds.*** All rights of action under the Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of the Indenture, be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.

f) ***Restoration of Positions.*** If the Trustee or any bondowner has instituted any proceeding to enforce any right or remedy under the Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such bondowner, then and in every case the Issuer and the bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Indenture, and thereafter all rights and remedies of the Trustee and the bondowners shall continue as though no such proceeding had been instituted.

Limitation on Suits by Bondowners.

No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless

a) such owner has previously given written notice to the Trustee of a continuing event of default;

b) the owners of not less than 25% in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under the Indenture;

c) such owner or owners have offered to the Trustee indemnity as provided in the Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;

d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other

owners or to enforce any right under the Indenture, except in the manner herein provided and for the equal and ratable benefit of all Outstanding Bonds.

Notwithstanding the foregoing or any other provision in the Indenture, however, the owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the redemption date) and nothing contained in the Indenture shall affect or impair the right of any owner to institute suit for the enforcement of any such payment.

Control of Proceedings by Bondowners.

The owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an event of default, provided indemnity has been provided to the Trustee in accordance with the Indenture:

- a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, or otherwise; and
- b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture; provided that
 - (i) such direction shall not be in conflict with any rule of law or the Indenture;
 - (ii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and
 - (iii) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

Application of Moneys Collected.

Any moneys collected by the Trustee pursuant to this Article (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

- a) FIRST: To the payment of all undeducted amounts due the Trustee under the Indenture;
- b) SECOND: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and
- c) THIRD: To the payment of the remainder, if any, to the Issuer or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the

amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, in accordance with the Indenture, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Trustee or to the bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy under the Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any owner of any Bond to exercise any right or remedy accruing upon an event of default shall impair any such right or remedy or constitute a waiver of any such event of default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the bondowners, as the case may be.

Waiver of Past Defaults.

Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in this Article, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee and the Issuer, on behalf of the owners of all the Bonds waive any past default under the Indenture and its consequences, except a default

- a) in the payment of the principal of (or premium, if any) or interest on any Bond; or
- b) in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any event of default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

Notice of Defaults.

The Trustee shall not be required to take notice or be deemed to have notice of any default under the Indenture except failure by the Issuer to cause to be made any of the payments to the Trustee required to be made by Indenture, unless the Trustee shall be specifically notified in writing of such default by the Issuer or the owners of at least 10% in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the Trustee has received notice of any event of default or the occurrence of any event of default under the Indenture of which the Trustee is deemed to have notice the Trustee shall give written notice of such event of default by mail to all owners of Bonds as shown on the bond register maintained by the Trustee, unless such event of default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bond, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the bondowners. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an event of default as defined in the Indenture.

Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee under the Indenture which shall be a commercial banking association or corporation or trust company organized and in good standing and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, (Series 2010A Indenture requires that the Trustee have a corporate trust office located in the State of Missouri) having a combined capital and surplus of at least \$100,000,000, or consideration may be given by the Issuer to a bank not meeting this amount if the bank submits an acceptable form of guarantee for its financial obligations to the Issuer. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in this Article.

Resignation and Removal of Trustee.

a) The Trustee may resign at any time by giving written notice thereof to the Issuer, and each owner of Bonds Outstanding as shown by the list of bondowners required by the Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

b) If the Trustee has or shall acquire any conflicting interest (as determined by the Trustee), it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the Issuer (so long as the Issuer is not in default under the Indenture) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in subsection (a).

c) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Issuer and the Trustee signed by the owners of a majority in principal amount of the Outstanding Bonds, or, so long as the Issuer is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default under the Indenture, by the Issuer. The Issuer or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

d) If at any time:

(i) the Trustee shall fail to comply with subsection (b) after written request therefor by the Issuer or by any Bondowner;

(ii) the Trustee shall cease to be eligible and shall fail to resign after written request therefor by the Issuer or by any such Bondowner; or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (A) the Issuer may remove the Trustee, or (B) any bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

e) The Trustee shall give notice at the expense of the Issuer of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the registered owners of Bonds as their names and addresses appear in the bond register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

f) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under the Indenture.

Appointment of Successor Trustee.

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Issuer (so long as no event of default under the Indenture has occurred and is continuing), or the owners of a majority in principal amount of Bonds Outstanding (if an event of default under the Indenture has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the Issuer and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the Issuer or the bondowners. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner herein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner herein provided, any bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of this Section shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of this Article.

Acceptance of Appointment by Successor.

Every successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee and the duties and obligations of the retiring Trustee shall cease and terminate; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, fees, costs and expenses, including its agents and counsel, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee under the Indenture, subject nevertheless to its lien, if any, provided for in the Indenture. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under the Indenture.

Supplemental Indentures Without Consent of Bondowners.

Without the consent of the owners of any Bonds, the Issuer and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

- a) to correct or amplify the description of any property at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property;

- b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, as herein set forth, additional conditions, limitations and restrictions thereafter to be observed;
- c) to authorize the issuance of any series of Additional Bonds and, make such other provisions as provided in the Indenture;
- d) to evidence the appointment of a separate trustee or the succession of a new trustee under the Indenture;
- e) to add to the covenants of the Issuer or to the rights, powers and remedies of the Trustee for the benefit of the owners of all Bonds or to surrender any right or power herein conferred upon the Issuer;
- f) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision herein or to make any other change, with respect to matters or questions arising under the Indenture, which shall not be inconsistent with the provisions of the Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds (in making such determination the Trustee may rely conclusively upon an Opinion of Counsel); or
- g) to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

Supplemental Indentures With Consent of Bondowners.

With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the Issuer and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the owners of the Bonds under the Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the owner of each Outstanding Bond affected thereby,

- a) change the stated maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date);
- b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Indenture, or the consent of whose owners is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences;
- c) modify the obligation of the Issuer to make payment on or provide funds for the payment of any Bond;
- d) authorize the issuance of Additional Bonds;
- e) modify or alter the provisions of the proviso to the definition of the term "Outstanding";
- i. modify any of the provisions of the Indenture, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or

- ii. permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any of the Trust Estate or terminate the lien of the Indenture on any property at any time subject hereto or deprive the owner of any Bond of the security afforded by the lien of the Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of owners of Bonds under this Section to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such act shall approve the substance thereof.

Payment, Discharge and Defeasance of Bonds.

Bonds will be deemed to be paid and discharged and no longer Outstanding under the Indenture and will cease to be entitled to any lien, benefit or security of the Indenture if the Issuer shall pay or provide for the payment of such Bonds in any one or more of the following ways:

- a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;
- b) by delivering such Bonds to the Trustee for cancellation; or
- c) by depositing in trust with the Trustee or other Paying Agent moneys and Defeasance Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or redemption dates only with cash or Defeasance Obligations pursuant to subsection (c) above, subject to receipt by the Trustee of (i) for any advance refunding, a verification report in form and substance satisfactory to the Trustee prepared by independent certified public accountants, or other verification agent, satisfactory to the Trustee, and (ii) an Opinion of Co-Bond Counsel addressed and delivered to the Trustee and the Issuer in form and substance satisfactory to the Trustee to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds then Outstanding and any and all other amounts required to be paid under the provisions of the Indenture has been provided for in the manner set forth in the Indenture, and (for the Series 2010A and Series 2010B Bonds) to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal tax purposes, notwithstanding the satisfaction and discharge.

The foregoing notwithstanding, the liability of the Issuer in respect of such Bonds shall continue, but the owners thereof shall thereafter be entitled to payment only out of the moneys and Defeasance Obligations deposited with the Trustee as aforesaid.

Moneys and Defeasance Obligations so deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys and Defeasance Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent, as the Trustee may determine) to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such moneys and Defeasance Obligations have been deposited with the Trustee.

Satisfaction and Discharge of Indenture.

The Indenture and the lien, rights and interests created by the Indenture shall cease, terminate and become null and void (except as to any surviving rights pursuant to the Indenture) if the following conditions are met:

- (i) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of the Indenture;
- (ii) all other sums payable under the Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;
- (iii) the Indenture the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in this Section to the satisfaction and discharge of the Indenture have been complied with.

Thereupon, the Trustee shall execute and deliver to the Issuer a termination statement and such instruments of satisfaction and discharge of the Indenture as may be necessary at the written request of the Issuer, and shall pay, assign, transfer and deliver to the Issuer, or other Persons entitled thereto, all moneys, securities and other property then held by it under the Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee as herein provided for the payment of the principal of, premium, if any, and interest on the Bonds.

Rights Retained After Discharge.

Notwithstanding the satisfaction and discharge of the Indenture, the rights of the Trustee under the Indenture shall survive, and the Trustee shall retain such rights, powers and duties under the Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided herein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any Bond remaining unclaimed for four years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided herein, shall then be paid to the Issuer without liability for interest thereon, and the owners of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the Issuer for payment thereof and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon

No Pecuniary Liability.

All covenants, obligations and agreements of the Issuer herein shall be effective to the extent authorized and permitted by law. No such covenant, obligation or agreement herein shall be deemed to be a covenant, obligation or agreement of any present or future councilmember, commissioner, director, officer, agent or employee of the Issuer other than in their official capacity.

SUMMARY OF THE COOPERATIVE AGREEMENT

The following is a summary of certain provisions of the Cooperative Agreement, as amended, relating to the Series 2010A Bonds. This summary does not purport to be complete or comprehensive, and is qualified in its entirety by reference to the Cooperative Agreement, a copy of which is available from the Underwriters.

Representations by the Commission. The Commission represents and warrants to the City and the Trustee as follows:

Tax Increment Financing Proceedings. The Commission, as authorized under the TIF Act and Ordinances, has complied with all required proceedings and approvals in connection with the approval of the Plan, designation of the Redevelopment Area as a blighted area and recommendation to the Council that it approve the East Village Project, all in accordance with the TIF Act.

Activation of Project Area 1. The Commission covenants and agrees that on or prior to September 1 of each year during the construction period it will review the progress of the Project and recommend to the City Council the activation of Project Area 1 when the construction progress so warrants.

Representations by the City. The City represents and warrants to the Commission and the Trustee as follows:

Tax Increment Financing Proceedings. The City has duly completed all required proceedings and approvals in connection with approval of the Plan, designation of the Redevelopment Area as a blighted area and adoption of tax increment financing with respect to the East Village Project, all in accordance with the TIF Act. Upon the recommendation of activation of Project Area 1 from the Commission pursuant to the Cooperative Agreement, the City shall prepare an Ordinance or consideration by the City Council to activate Project Area 1.

Survival of Obligations. In the event the Plan is challenged on the grounds of the Redevelopment Project Area's qualification as a blighted area, all obligations of the City and the Commission as contained in the Agreement shall continue in full force regardless of the outcome of such challenge. In addition, in the event that a court of competent jurisdiction (a) determines for any reason that (i) the Plan is invalid or unenforceable, (ii) the Redevelopment Project Area does not include all or any part of the property included in the Plan, (iii) all or any portion of the Act violates the Constitution of the State of Missouri, the United States Constitution or any law or statute or is otherwise unlawful, or (iv) the designation of the Redevelopment Project Area as a blighted area (as defined in the Act) is unconstitutional or otherwise unlawful, or (e) for any other reason makes a determination that results in the benefits of the Act (including without limitation the ability of the Commission to receive Payments in Lieu of Taxes or Economic Activity Taxes and to expend such amounts received in payment of redevelopment project costs) not being available within the Redevelopment Project Area or any part thereof, then in such event the City agrees that it will request an appropriation of funds on an annual basis in an amount equal to the debt service pm the Bonds and other amounts due under the Indenture.

Issuance of Tax Exempt Revenue Bonds. The City shall issue the Bonds, in one or more series, a portion of the proceeds of which shall be used to pay the costs of the East Village Project. The Bonds will be sold by the City upon terms and provisions reasonably satisfactory to the parties hereto. The principal and interest on the Bonds will be paid from Payments in Lieu of Taxes and, subject to annual appropriation, Economic Activity Taxes, Super TIF Revenues, State TIF Revenues from Project Area 1 of the East Village Project Site (collectively, the "Incremental Tax Revenues") and from City Revenues as defined in the Indenture. Fees and expenses of the bond counsel, the underwriter and the Trustee and other costs of issuance shall be paid from proceeds of the Bonds.

Assignment by Commission. The Commission hereby assigns, agrees to transfer and authorizes the City to transfer directly to the Trustee all Payments in Lieu of Taxes, Economic Activity Tax Revenues and Super TIF Revenues generated from Project Area 1 of East Village TIF Plan to be held in the applicable account of the Revenue Fund created by the Indenture. The monies on deposit in the PILOTS Account, EATS Account and Super TIF Revenues Account shall be expended pursuant to the terms of the Indenture. Upon the issuance of the Bonds, amounts currently in the Special Allocation Fund and so long as the Bonds remain outstanding, all future amounts deposited in the Special Allocation Fund generated from Project Area 1, if any, shall be transferred to the Trustee for deposit in the appropriate account of the Revenue Fund. The Commission's obligations to make such transfer is limited to monies available in the Special Allocation Fund and shall not be construed as creating a general liability, debt or obligation of the Commission. The Commission hereby confirms and certifies that the disbursement of monies to the Trustee as assignee of the City as provided herein constitutes a payment of reimbursable Redevelopment Project costs under the Development Agreement.

Transfer of Revenues. The City shall, subject to annual appropriation thereof, as soon as practicable after receipt thereof, transfer all Economic Activity Tax Revenues, Super TIF Revenues and State TIF Revenues from Project Area 1 directly to the Trustee with notice to the Commission. The Commission and the City hereby irrevocably confirm and certify that the disbursement of monies to pay debt service on the Bonds as provided herein constitutes a payment of reimbursable Redevelopment Project Costs.

Pledge of Incremental Tax Revenues. The Commission hereby irrevocably pledges to the Trustee, for the benefit of the Owners of the Bonds, as security for the payment of the principal of and redemption premium, if any, and interest on the Bonds, all of its right, title and interest in, to and under, and grants to the Trustee a lien upon and security interest in, (a) the Payments in Lieu of Taxes from Project Area 1, (b) the Economic Activity Tax Revenues and Super TIF Revenues from Project Area 1, and all proceeds of the foregoing (except 5% of such amount, which shall be used to pay the Commission's administrative fees and expenses upon terms and conditions described in the Indenture).

Pledge of Incremental Tax Revenues. The City hereby pledges to the Trustee, for the benefit of the Owners of the Bonds, as security for the payment of the principal of and redemption premium, if any, and interest on the Bonds, all of its right, title and interest in to and under, and grants to the Trustee a lien upon and security interest in, (a) the Payments in Lieu of Taxes from Project Area 1, (b) subject to annual appropriation, the Economic Activity Tax Revenues, Super TIF Revenues and State TIF Revenues from Project Area 1, (c) subject to annual appropriation, any other City Revenues and (d) the Agreement, and all proceeds of the foregoing. The parties hereto acknowledge and agree that the foregoing property pledged to the Trustee by the City shall constitute a part of the Trust Estate for all purposes under the Indenture.

Transfer of Incremental Tax Revenues and City Revenues. The City shall, as soon as practicable after receipt thereof, transfer all Incremental Tax Revenues received by it to the Trustee for deposit in the appropriate account of the Revenue Fund. Upon receipt of notice from the Trustee on or before the third Business Day prior to any Interest Payment Date, the City has agreed, subject to annual appropriation as described below, to forward to the Trustee any additional City Revenues required to pay principal of, redemption premium, if any and interest on the Bonds and any other amounts due under the Indenture.

Incremental Tax Revenues To Constitute Current Expenses of the City. The City acknowledges and agrees that the appropriation of Incremental Tax Revenues and other City Revenues under the Indenture shall constitute currently budgeted expenditures of the City, and shall not in any way be construed or interpreted as creating a liability or a general obligation or debt of the City in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general credit, tax revenues, funds or moneys of the City. The City's obligations to pay Incremental Tax Revenues and other City Revenues under the Indenture shall be from year to year only, and shall not constitute a mandatory payment obligation of the City in any ensuing Fiscal Year beyond the then current Fiscal Year. Neither the Cooperative Agreement nor the issuance of the Series 2008B Bonds shall directly or indirectly obligate the City to levy or pledge any form of taxation or make any appropriation or make any payments beyond those appropriated for the City's then current Fiscal Year, but in each Fiscal Year Incremental Tax Revenues and other City Revenues shall be payable solely from the amounts budgeted or appropriated therefor out of the income and revenue provided for such year, plus any unencumbered balances from previous years; provided, however, that nothing herein shall be construed to limit the rights of the owners of the Bonds or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture. Failure of the City to budget and appropriate said moneys on or before the last day of any Fiscal Year shall be deemed an Event of Nonappropriation.

Restriction on Transfer of Commission's Interests. The Commission will not sell, assign, transfer or convey its interests in the Agreement, the Special Allocation Fund or the Incremental Tax Revenues except pursuant to the Agreement.

Restriction on Transfer of City's Interests. The City will not sell, assign, transfer or convey its interests in the Incremental Tax Revenues or the Agreement, except pursuant to the Agreement. The City will not enter into any tax-sharing agreement or other similar arrangement with respect to the Agreement.

Events of Default Defined. The term "Event of Default" shall mean any one or more of the following events:

(a) Failure by the City to timely transfer Incremental Tax Revenues and other City Revenues to the Trustee pursuant to the Agreement.

(b) Failure by the City to make any Additional Payment when due and, after notice of such failure, the City shall have failed to make such payment within 10 days following the due date.

(d) Failure by the Commission or the City to observe and perform any covenant, condition or agreement on the part of the Commission or the City under the Agreement, the Indenture or any other document entered into in connection with the financing of the Project, other than as referred to in the preceding subparagraphs (a) and (b) of this Section, for a period of 30 days after written notice of such default has been given to the City or the Commission, during which time such default is neither cured by the Commission or the City nor waived in writing by the Trustee, provided that, if the failure stated in the notice cannot be corrected within said 30-day period, the Trustee may consent in writing to an extension of such time prior to its expiration if corrective action is instituted by the Commission or the City within the 30-day period and diligently pursued to completion and if such consent, in the judgment of the Trustee, does not materially adversely affect the interests of the Owners of the Bonds.

(e) Any representation or warranty by the Commission or the City herein or in any certificate or other instrument delivered under or pursuant to the Agreement or the Indenture or in connection with the financing of the Project shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made, unless waived in writing by the Trustee or cured by the Commission or the City within 30 days after notice thereof has been given to the Commission or the City.

Remedies in an Event of Default. Whenever any Event of Default shall have occurred and be continuing, the Trustee may take any one or more of the remedial steps set forth in the Indenture. The Trustee may immediately proceed to take whatever other action at law or in equity is necessary and appropriate to exercise or to cause the exercise of the rights and powers set forth herein or in the Indenture, as may appear necessary or desirable to collect the amounts payable pursuant to the Agreement then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement or covenant of the Commission or the City under the Agreement or the Indenture.

In the enforcement of the remedies provided in this Section, the Trustee may treat all expenses of enforcement, including reasonable legal, accounting and advertising fees and expenses, as Additional Payments then due and payable by the City.

Any amount collected pursuant to action taken under this Section shall be paid to the Trustee and applied, first, to the payment of any reasonable costs, expenses and fees incurred by the Trustee as a result of taking such action and, next, any balance shall be transferred to the Revenue Fund and applied in accordance with the Indenture and, then, to satisfy any other Additional Payments then due or to cure any other Event of Default.

No Remedy Exclusive. No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Supplemental Cooperative Agreements without Consent of Owners. Without the consent of the Owners of any Bonds, the Commission, the City and the Trustee may from time to time enter into one or more Supplemental Cooperative Agreements, for any of the following purposes:

(a) to more precisely identify any project financed or refinanced out of the proceeds of the Bonds;

(b) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein or to make any other provisions, with respect to matters or questions arising under the Agreement, which shall not be inconsistent with the provisions of the Agreement, provided such action shall not adversely affect the interests of the Owners of the Bonds; or

(c) to authorize Additional Bonds pursuant to the Indenture.

Supplemental Cooperative Agreements with Consent of Owners. With the consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Cooperative Agreement, the Commission, the City and the Trustee may enter into Supplemental Cooperative Agreements, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Agreement or of modifying in any manner the rights of the Trustee and the Owners of the Bonds under the Agreement; provided, however, that no such Supplemental Cooperative Agreement shall, without the consent of the Owner of each Outstanding Bond affected thereby,

(a) change the obligations of the City and the Commission under the Agreement; or,

(b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners is required for any such Supplemental Cooperative Agreement, or the consent of whose Owners is required for any waiver provided for in the Agreement of compliance with certain provisions of the Agreement or certain defaults under the Indenture and their consequences; or

(c) modify any of the provisions of this Section, except to increase any percentage provided thereby or to provide that certain other provisions of the Agreement cannot be modified or waived without the consent of the Owner of each Bond affected thereby.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Cooperative Agreement and any such determination shall be conclusive upon the Owners of all Bonds, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee shall not be liable for any such determination made in good faith.

Terms of Agreement. The Agreement shall be effective from and after its execution and delivery and shall continue in full force and effect until 23 years after the approval by separate ordinance of TIF Financing for Project Area 1 (the "Term"); provided however, that in no event shall the Term continue for longer than thirty-three (33) years after the approval by the City of Ordinance No. 060455 which approved the TIF Plan.

Breach; Compliance. If any party does not comply with the provisions of the Agreement, in that a party shall do, permit to be done, or fail or omit to do, or fail or omit to have done, anything contrary to or required of it by the Agreement, and if, within ten (10) days after notice of such default by any party, the party shall not have cured such default or commenced such cure and be diligently pursuing the same if such cure would reasonably take longer than said ten (10) days period, then any party may institute such proceedings as may be necessary in its opinion to cure the default including, but not limited to, proceedings to compel specific performance. If any action is instituted by any party under the Agreement, the defaulting party shall pay and all costs, fees and expenses, including attorneys' fees incurred by the non-defaulting in enforcing the Agreement, if the non-defaulting parties prevail on its claim, as the case may be.

Amendments, Changes and Modifications. The Agreement may not be effectively amended, changed, modified, altered or terminated without the prior concurring written consent of all the parties hereto.

No Pecuniary Liability. All covenants, obligations and agreements of the City, the Commission or the Trustee contained in the Agreement shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future director, officer, agent or employee of the City, the Commission or the Trustee in other than their official capacity.

SUMMARY OF AMENDMENT TO AMENDED AND RESTATED CITY MARKET SITE LEASE

The following is a summary of certain provisions of the First Amendment to Amended and Restated City Market Site Lease (the "Amendment") relating to the Series 2010C Bonds and the Amended and Restated City Market Site Lease, amended thereby. This summary does not purport to be complete or comprehensive, and is qualified in its entirety by reference to the Amendment and the Amended Site Lease, copies of which are available from the Underwriters.

Definitions of Words and Terms. The following words and terms defined in the Amended Site Lease are hereby amended to read from and after the date of the Amendment as follows:

"Bonds" means the portion of the City's Taxable Special Obligation Refunding Bonds (Kansas City, Missouri Projects), Series 2010C attributable to the refunding of the Refunded Bonds and any costs of issuance related thereto and the debt service on which Bonds being herein referred to as the "City Market Debt Service Portion," as more fully set forth on Exhibit B attached hereto.

Lease of the Market Site; Lease is Subject to Certain Permitted Encumbrances. The City has demised and leased the Market Site to the PIEA and the PIEA has leased from the City, the Market Site for a Lease Term which commenced on the delivery of the Original Site Lease and ends at midnight on April 15, 2025.

The Site Lease is subject to certain Permitted Encumbrances granted by the City or its predecessors in interest prior to the delivery of the Site Lease.

Sublease of the Market Site. Contemporaneously with the delivery of the Original Site Lease, the PIEA granted a security interest in its leasehold interest under the Site Lease to the Trustee pursuant to the First Deed of Trust as security for the payment of the Series 1998 Bonds, which security interest in the PIEA's leasehold interest pursuant to the First Deed of Trust continues to secure the Bonds. The PIEA has and will continue to sublease the Market Site to Subtenants, but subject to the First Deed of Trust and the reservation of certain rights under the Site Lease.

The City acknowledges and agrees that title to the Project shall vest in the PIEA during the term of the Site Lease, provided, however, that upon the termination of the Site Lease and the Indenture all right, title and interest in and to the City Market including the Project shall revert to and be and become the sole and exclusive property of the City.

Assignments, Subleases and Mortgage. The PIEA may (i) mortgage or assign its right under the Site Lease or (ii) sublet the Market Site without the written consent of the City only (a) to grant security interests in its leasehold interest under the Site Lease pursuant to the First Deed of Trust, (b) to the Subtenants, or (c) to add security for the benefit of the Owners of the Series 2010C Bonds.

The City acknowledges that the PIEA has subleased space in the City Market to various Subtenants under written leases, license agreements and rental agreements for stated terms, which subleasing the City hereby, subject to the provisions of the Site Lease, consents to and authorizes.

Issuance of Bond and Other Considerations. In consideration for the leasing of the Market Site to the PIEA hereunder, the PIEA has:

- (a) Simultaneously with the delivery of the Amended Site Lease, issued, sold and delivered the Series 1998 Bonds in the principal amount, bearing interest, maturing and having the other details as set forth in the Indenture; and
- (b) Deposited the proceeds of the sale of the Bonds as provided in such Indenture;
- (c) Approved the execution of the Amendment to facilitate the refunding of the Refunded Bonds through the issuance by the City of the Series 2010C Bonds.

In order to enhance the marketability of the Bonds, the City has delivered the Cooperation Agreement.

Basic Rent. As and for rent hereunder ("Basic Rent"), the PIEA covenants and agrees to pay to the Trustee for application as provided in the Indenture and subject however, to credit as hereinafter provided, the following sums:

- (a) (1) On or before September 20 of each Lease Term, it will make a Rental Payment in immediately available funds to the Trustee at its principal office for deposit in the Bond Fund an amount which, together with moneys then on deposit in the Bond Fund and available for payment to the Bonds, shall be sufficient to pay the interest due on the Bonds through October 1 of the Lease Term as provided in the Indenture.

(2) On or before March 20 of each Lease Term, it will make a Rental Payment in immediately available funds to the Trustee at its principal office for deposit in the Bond Fund an amount which, together with moneys then on deposit in the Bond Fund and available for payment to the Bonds, shall be sufficient to pay the principal of, premium, if any, and interest due on the Bonds through April 1 of the Lease Term as provided in the Indenture. All Rent Payments provided for in this Section shall be paid by the PIEA directly to Trustee and shall be deposited in accordance with the provisions of the Indenture into the Bond Fund. The amount deposited in the Bond Fund shall be used and applied by the Trustee in the manner and for the purposes set forth in the Indenture.

(3) On or before the payment date for the redemption of any Bonds pursuant to Article III of the Indenture, it will make a Rental Payment in immediately available funds to the Trustee in the amount together with money then on deposit will be sufficient to pay principal of, premium, if any, and interest due on the redemption date.

- (b) Notwithstanding the foregoing, at the option of the PIEA, the Basic Rent due and payable may be accrued if and to the extent Net Operating Income (as hereinafter defined) of the City Market is not at least equal to the Basic Rent due and payable in a particular Lease Year. Any accrual of Basic Rent for any such Lease Year as aforesaid (the "Rent Accrual") shall be paid to the City from the excess, if any, of Net Operating Income over current payments of Basic Rent for any subsequent Lease Year, taking in consideration a reasonable reserve for seasonal or other commercial considerations. The Rent Accrual shall accrue interest at the rate equal to the interest rate on the Bonds.

"Net Operating Income" shall mean all income received by the PIEA from the City Market (Gross Income) less all reasonable and normal operating expenses including, without limitation, impositions, insurance, utilities, supplies, advertising, repairs, maintenance, commissions, management fees and reserves for replacements, but exclusive of Basic Rent and payments on other debt.

(c) Further notwithstanding the foregoing, the PIEA shall receive a credit against Basic Rent due and payable hereunder (i) to the extent that, so long as the Bonds remain outstanding and unpaid or provision for payment shall not have been made in the manner provided in the Indenture, the PIEA shall pay or cause to be paid and deposited with the Trustee funds for application to the payment of principal of and interest on the Bonds.

- (d) The PIEA shall have the right to prepay Basic Rent payment hereunder at any time.

Additional Rent: No Abatement or Set-off. It is understood and agreed by the PIEA and the City that the Site Lease is intended to be a net lease so that the Basic Rent received by the City shall not be reduced by taxes, assessments, insurance utilities, maintenance, repair or restoration of the City Market.

The PIEA covenants and agrees to pay or cause to be paid as additional rent ("Additional Rent") (a) all taxes and assessments imposed upon the City Market, (b) all insurance premiums on policies required hereunder, (c) all utility costs, (d) all costs of maintenance, repair and restoration of the City Market, and (e) any and all other costs and expenses associated with the occupation and operation of the City Market, including any and all reasonable

expenses (including attorneys' fees) incurred by the City in connection with the enforcement of any rights of the City or obligations of the PIEA hereunder.

The PIEA covenants and agrees that all payments of Basic Rent and Additional Rent shall be made on or before the date the same become due, and that the PIEA shall perform or cause to be performed all of its obligations, covenants and agreements hereunder, without notice or demand and except for the Rent Accrual, without abatement, deductions, set-off, counter-claim, recoupment or defense or any right of termination or cancellation arising from any circumstances or cause whatsoever, whether now existing or hereafter arising.

SUMMARY OF FIRST SUPPLEMENTAL COOPERATION AGREEMENT WITH PIEA

The following is a summary of certain provisions of the First Supplemental Cooperation Agreement relating to the Series 2010C Bonds and the Cooperation Agreement amended thereby. This summary does not purport to be complete or comprehensive, and is qualified in its entirety by reference to the First Supplemental Cooperation Agreement and the Cooperation Agreement, copies of which are available from the Underwriters.

Scope of Services. The City agrees that, in the event that rental income (including Basic Rent provided for under the City Market Site Lease, as amended by the Amendment to the Amended and Restated City Market Site Lease, dated as of April 1, 2010) received by the Authority or the Trustee for the account of the Authority is less than the debt service for the Bonds (the "City Market Debt Service Portion") as set forth in the Revised Exhibit B attached hereto and incorporated herein, the City shall provide funds sufficient to fund the required debt service for the Series 2010C Bonds.

Funding and Payment by the City. The City expressly agrees, upon and subject to the terms of the Cooperation Agreement, to pay to or on behalf of the Authority each year sufficient funds to pay all costs, including debt service, that the Authority may have in connection with the City Market Debt Service Portion. The City's obligation to pay the debt service cost shall be limited to the debt service in excess of rentals received by or on behalf of the Authority. With respect to the Bonds, such funds shall be deposited into the Debt Service Fund established under the Indenture. The City intends to annually appropriate sufficient amounts to fund such costs provided, however, the City's obligation to provide such costs is expressly contingent upon annual appropriation by ordinance. The Authority agrees that, in the event it recovers any portion of such costs pursuant to the provisions of the Leases, all sums recovered pursuant thereto representing the repayment of such costs funded by the City shall, at the election of the City, by assignment or otherwise, be repaid to the City in full with any interest collected thereon.

SUMMARY OF FINANCING AGREEMENT RELATING TO VALENTINE PORTION OF SERIES 2010C BONDS

The following is a summary of certain provisions of the Financing Agreement between the City and the Land Clearance for Redevelopment Authority of Kansas City, relating to the Series 2010C Bonds. This summary does not purport to be complete or comprehensive, and is qualified in its entirety by reference to the Financing Agreement, a copy of which is available from the Underwriters.

Issuance of Bonds. In order to provide funds to refund the Series 1998 Valentine Bonds on a current basis, among other things, the City will issue, sell and deliver the Series 2010C Bonds to the original purchasers thereof. Funds sufficient to provide for the payment in full and retirement of the Series 1998 Valentine Bonds will be deposited with the trustee thereof upon the issuance of the Series 2010C Bonds.

Payments. The Authority shall pay, and the City shall, subject to the limitations of the Financing Agreement, pay the following amounts to the Trustee, all as Payments attributable to the Valentine Debt Service Portion (the "Valentine Bond Payments" or the "Payments") under the Financing Agreement:

- (a) **Debt Service Fund—Interest.** On or before 10:00 a.m. on or before the Business Day preceding each April 1 and October 1, commencing October 1, 2010, an amount which is not less than the interest to become due on the next interest payment date on the Valentine Project Portion; provided,

however that the City and the Authority may be entitled to certain credits on such payments as permitted under the Financing Agreement.

(b) ***Debt Service Fund—Principal.*** On or before 10:00 a.m. on or before the Business Day preceding each April 1, commencing April 1, 2011, an amount which is not less than the next installment of principal due on the Valentine Project Portion on the next principal payment date by maturity or mandatory sinking fund redemption; provided, however, that the City and the Authority may be entitled to certain credits on such payments as permitted under Section 3.03 of the Financing Agreement.

(c) ***Debt Service Fund—Redemption.*** On or before 10:00 a.m. on or before the Business Day preceding the date required by the Financing Agreement or the Series 2010C Indenture, the amount of any Net Proceeds or other moneys received which is intended or required to redeem Valentine Project Portion then Outstanding if the City exercises its right to redeem Valentine Project Portion under any provision of the Series 2010C Indenture or if any Valentine Project Portion are required to be redeemed (other than pursuant to mandatory sinking fund redemption provisions) under any provision of the Series 2010C Indenture.

The City and the Authority shall make payments upon the Valentine Bond Payments and shall be liable therefor at the times and in the amounts (including interest, principal, and redemption premium, if any) equal to the amounts to be paid as interest, principal and redemption premium, if any, whether at maturity or by optional or mandatory redemption upon the Valentine Debt Service Portion of all Bonds from time to time Outstanding under the Series 2010C Indenture.

Any Supplemental Financing Agreement shall provide for similar deposits into the Debt Service Fund of amounts sufficient to insure the prompt payment of the principal of premium, if any, and interest on any Valentine Debt Service Portion of Additional Bonds as the same become due.

Unpaid Valentine Bond Payments shall bear interest at the Prime Rate. Any interest charged and collected on an unpaid Valentine Bond Payment shall be deposited to the credit of the Debt Service Fund and applied to pay interest on overdue amounts in accordance with the Series 2010C Indenture.

Except for such interest of the Authority and the City as may hereafter arise pursuant to the Series 2010C Indenture, the City and the Authority each acknowledge that it has no interest in the Debt Service Fund and any moneys deposited therein shall be in the custody of and held by the Trustee in trust for the benefit of the Bondowners as provided in the Series 2010C Indenture.

Credits on Payments. Notwithstanding any provision contained in the Financing Agreement or in the Series 2010C Indenture to the contrary, in addition to any credits on the Valentine Bond Payments resulting from the payment or prepayment of Valentine Bond Payments from other sources:

(a) any moneys deposited (including earnings thereon) by the Trustee, the City or the Authority in the Debt Service Fund as interest on the Valentine Debt Service Portion (including moneys received as accrued interest from the sale of the Bonds and any initial deposit of capitalized interest made from the proceeds of the sale of any series of the Bonds) shall be credited against the obligation of the City and the Authority to pay interest on the Valentine Bond Payments as the same becomes due;

(b) any moneys deposited (including earnings thereon) by the Trustee, the City or the Authority in the Debt Service Fund as principal on the Valentine Debt Service Portion shall be credited against the obligation of the City and the Authority to pay the principal of the Valentine Bond Payments as the same becomes due in the order of maturity thereof; and

(c) the amount of any moneys transferred by the Trustee from any other fund held under the Series 2010C Indenture and deposited in the Debt Service Fund as interest or principal on the Valentine Debt Service Portion shall be credited against the obligation of the City and the Authority to pay interest or principal, as the case may be, as the same become due.

Additional Payments. The Authority shall pay, and the City shall, subject to the limitations of the Financing Agreement, pay the pro rata portion of the following amounts to the following persons, all as “Additional Payments” under the Financing Agreement:

(a) to the Trustee, when due, all reasonable fees and charges for its services rendered under the Series 2010C Indenture, the Financing Agreement and any other Transaction Documents, and all reasonable expenses (including, without limitation, reasonable fees and charges of any Paying Agent, bond registrar, counsel, accountant, engineer or other person) incurred in the performance of the duties of the Trustee under the Series 2010C Indenture or the Financing Agreement for which the Trustee and other persons are entitled to repayment or reimbursement;

(b) to the Trustee for deposit in the Debt Service Reserve Fund the amounts at the times as required by the Series 2010 Indenture. Any Supplemental Financing Agreement shall provide for similar deposits into the Debt Service Reserve Fund of amounts sufficient to increase, if necessary, the deposits to such fund as required by the Series 2010C Indenture;

(c) to the appropriate person, such payments as are required (i) as payment for or reimbursement of any and all reasonable costs, expenses and liabilities incurred by the City or the Trustee or any of them in satisfaction of any obligations of the Authority and the City hereunder that the Authority and the City do not perform, or incurred in the defense of any action or proceeding with respect to the Valentine Redevelopment Project, the Financing Agreement or the Series 2010C Indenture or (ii) as reimbursement for expenses paid, or as prepayment of expenses to be paid, by the City or the Trustee and that are incurred as a result of a request by the Authority and the City, or a requirement of the Financing Agreement and that the Authority and the City are not otherwise required to pay under the Financing Agreement;

(d) to the appropriate person, any other amounts required to be paid by the Authority and the City under the Financing Agreement or the Series 2010C Indenture; and

(e) any past due Additional Payments shall continue as an obligation of the Authority and the City until they are paid and shall bear interest at the Prime Rate plus 2% during the period such Additional Payments remain unpaid.

Joint and Several Obligations. The obligations of the City and Authority shall be joint and several under the Financing Agreement; provided, however, that certain obligations of the City under the Financing Agreement shall be subject to annual appropriation.

Security for the Payments and the Additional Payments. The City’s and the Authority’s obligations to pay the Payments and the Additional Payments described herein and any amounts required to be paid under the Financing Agreement, shall be limited, special obligations of the city and the Authority payable solely from, and secured as to the payment of principal and interest by (a) the Deed of Trust, (b) a pledge of (i) the Master Lease and (ii) subject to annual appropriation by the City as provided in the Financing Agreement, all general fund revenues of the City, and (c) all proceeds of the foregoing. The taxing power of the City is not pledged to the payment of the Series 2010C Bonds either as to principal or interest. The City’s and Authority’s obligations to pay the Payments and Additional Payments shall not constitute general obligations of the City or the Authority, nor shall they constitute an indebtedness of the City or the Authority within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

Assignment by the City. The City, by means of the Series 2010C Indenture and as security for the payment of the principal of, purchase price, and redemption premium, if any, and interest on the Bonds, will assign, pledge and grant a security interest in all of its rights, title and interests in, to and under the Financing Agreement, including Valentine Bond Payments and Additional Payments and other revenues, moneys and receipts received by it pursuant to the Financing Agreement, to the Trustee (reserving its Unassigned City’s Rights) for the benefit of the bondowners.

Restriction on Transfer of City's Rights. The City will not sell, assign, transfer or convey its interests in the Financing Agreement except pursuant to the Series 2010C Indenture.

Events of Default Defined. The term "Event of Default" or "Default" shall mean any one or more of the following events:

(a) Failure by the Authority or the City to make timely payment of any Valentine Bond Payment.

(b) Failure by the Authority or the City to make any Additional Payment when due and, after notice of such failure, the Authority or the City shall have failed to make such payment within 10 days following the due date.

(c) Failure by the Authority or the City to observe and perform any covenant, condition or agreement on the part of the Authority or the City under the Financing Agreement or the Series 2010C Indenture, other than as referred to in the preceding subparagraphs (a) and (b) of this Section, for a period of 30 days after written notice of such default has been given to the Authority and the City, by the Trustee or the City during which time such default is neither cured by the Authority or the City nor waived in writing by the Trustee and the City, provided that, if the failure stated in the notice cannot be corrected within said 30-day period, the Trustee and the City may consent in writing to an extension of such time prior to its expiration and the Trustee and the City will not unreasonably withhold their consent to such an extension if corrective action is instituted by the Authority or the City within the 30-day period and diligently pursued to completion and if such consent, in their judgment, does not materially adversely affect the interests of the bondowners.

(d) Any representation or warranty by the Authority or the City herein or in any certificate or other instrument delivered under or pursuant to the Financing Agreement or the Series 2010C Indenture or in connection with the financing of the Valentine Redevelopment Project shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made, unless waived in writing by the City and the Trustee or cured by the Authority or the City, if such representation or warranty can be cured to the reasonable satisfaction of the City and the Trustee within 30 days after notice thereof has been given to the Authority and the City.

Remedies on Default. Subject to the provisions of the Financing Agreement, whenever any Event of Default shall have occurred and be continuing, the Trustee, as the assignee of the City, may take any one or more of the following remedial steps; provided that if the principal of all Bonds then Outstanding and the interest accrued thereon shall have been declared immediately due and payable pursuant to the provisions of the Series 2010C Indenture, all Payments for the remainder of the Payments Term shall become immediately due and payable without any further act or action on the part of the City or the Trustee and the Trustee may immediately proceed to take any one or more of the remedial steps set forth in subparagraph (b) of this Section:

(a) By written notice to the Authority and the City declare the outstanding principal of the Payments to be immediately due and payable, together with interest on overdue payments of principal and redemption premium, if any, and, to the extent permitted by law, interest, at the rate or rates of interest specified in the respective Bonds or the Series 2010C Indenture, without presentment, demand or protest, all of which are expressly waived.

(b) Take whatever other action at law or in equity is necessary and appropriate to exercise or to cause the exercise of the rights and powers set forth herein or in the Series 2010C Indenture, as may appear necessary or desirable to collect the amounts payable pursuant to the Financing Agreement then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement or covenant of the Authority or the City under the Financing Agreement or the Series 2010C Indenture.

In the enforcement of the remedies provided in this Section, the Trustee may treat all fees, costs and expenses of enforcement, including reasonable legal, accounting and advertising fees and expenses, as Additional Payments then due and payable by the Authority and the City.

Any amount collected pursuant to action taken under this Section shall be paid to the Trustee and applied, first, to the payment of any costs, expenses and fees incurred by the City or the Trustee as a result of taking such action and, next, any balance shall be used to satisfy any Payments then due by payment into the Debt Service Fund and applied in accordance with the Series 2010C Indenture and, then, to satisfy any other Additional Payments then due or to cure any other Event of Default.

The provisions of this Section are subject to the limitation that the annulment of a declaration that the Bonds are immediately due and payable shall automatically constitute an annulment of any corresponding declaration made pursuant to subparagraph (a) of this Section and a waiver and rescission of the consequences of such declaration and of the Event of Default with respect to which such declaration has been made, provided that no such waiver or rescission shall extend to or affect any other or subsequent Default or impair any right consequent thereon. In the event any covenant, condition or agreement contained in the Financing Agreement shall be breached or any Event of Default shall have occurred and such breach or Event of Default shall thereafter be waived by the Trustee, such waiver shall be limited to such particular breach or Event of Default.

No Remedy Exclusive. Subject to the provisions of the Financing Agreement, no remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Financing Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon a Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Agreement To Pay Attorney Fees and Expenses. Subject to the provisions of the Financing Agreement, in connection with any Event of Default by the Authority or the City, if the City or the Trustee employs attorneys or incurs other expenses for the collection of amounts payable hereunder or the enforcement of the performance or observance of any covenants or agreements on the part of the Authority or the City herein contained, the Authority and the City agree that they will, on demand therefor, pay to the City and the Trustee the reasonable fees of such attorneys and such other reasonable fees, costs and expenses so incurred by the City and, the Trustee.

Performance of the Authority and the City's Obligations. If the Authority or the City shall fail to keep or perform any of its obligations as provided in the Financing Agreement, then the City or the Trustee may (but shall not be obligated so to do), upon the continuance of such failure on the Authority or the City's part for 15 days after notice of such failure is given to the Authority and the City by the City or the Trustee, and without waiving or releasing the Authority or the City from any obligation hereunder, as an additional but not exclusive remedy, make any such payment or perform any such obligation, and all sums so paid by the City or the Trustee and all necessary incidental costs and expenses incurred by the City or the Trustee in performing such obligations shall be deemed to be Additional Payments and shall be paid to the City or the Trustee plus interest at the Prime Rate plus 2% on demand.

Remedial Rights Assigned to the Trustee. Upon the execution and delivery of the Series 2010C Indenture, the City will thereby have assigned to the Trustee all rights and remedies conferred upon or reserved to the City by the Financing Agreement, reserving only the Unassigned City's Rights. The Trustee shall have the exclusive right to exercise such rights and remedies conferred upon or reserved to the City by the Financing Agreement in the same manner and to the same extent, but under the limitations and conditions imposed thereby and hereby. The Trustee and the bondowners shall be deemed third party creditor beneficiaries of all representations, warranties, covenants and agreements contained herein.

Prepayment at the Option of the Authority and the City. Upon the exercise by the City of its option to cause the Bonds on or any portion thereof to be redeemed pursuant to the extraordinary optional redemption provisions of the Series 2010C Indenture, the Authority and the City shall prepay Valentine Bond Payments in whole or in part at the times and at the prepayment prices sufficient to redeem all or a corresponding portion of the Bonds then Outstanding in accordance with said paragraph. At the written direction of the Authority and the City

such prepayments shall be applied to the redemption of the Bonds in whole or in part in accordance with said Section.

Mandatory Prepayment To Satisfy Scheduled Mandatory Sinking Fund Redemption Requirements.

The Authority and the City shall prepay Valentine Bond Payments at the times, in the amounts and at the prepayment prices sufficient to redeem corresponding portions of the Valentine Project Portion in accordance with the Series 2010C Indenture. The Authority and the City shall be entitled to all credits on such prepayment of a portion of Valentine Project Portion of the Bond then Outstanding.

Right To Prepay at Any Time. The Authority and the City shall have the option at any time to prepay all of the Payments, Additional Payments and other amounts it is required to pay hereunder by paying to the Trustee all such sums as are sufficient to satisfy and discharge the Series 2010C Indenture to the extent of the Valentine Project Portion and paying or making provision for the payment of all other sums payable under the Financing Agreement.

Notice of Prepayment. To exercise an option granted by the Financing Agreement, the Authority and the City shall give written notice to the City and the Trustee which shall specify therein the date upon which a prepayment of Valentine Bond Payments will be made, which date shall be not less than 45 days from the date the notice is received by the Trustee. In the Series 2010C Indenture, the City has directed the Trustee to forthwith take all steps (other than the payment of the money required to redeem the Valentine Project Portion) necessary under the applicable provisions of the Series 2010C Indenture to effect any redemption of the then Outstanding Bonds, in whole, or in part, pursuant to Section 3.02 of the Series 2010C Indenture.

Supplemental Financing Agreements Without Consent of Bondowners. Without the consent of the owners of any Bonds, the City and the Authority may from time to time enter into one or more Supplemental Financing Agreements, for any purpose.

Term of Financing Agreement. The Financing Agreement shall be effective from and after its execution and delivery and shall continue in full force and effect until the Valentine Project Portion is deemed to be paid within the meaning of the Series 2010C Indenture and provision has been made for paying all other sums payable by the Authority and the City to the Trustee and the Paying Agent for the Bonds under the Financing Agreement and the Series 2010C Indenture. All agreements, covenants, representations and certifications by the Authority and the City as to all matters affecting the status of the interest on the Valentine Project Portion shall survive the termination of the Financing Agreement and the defeasance of the Valentine Project Portion.

Net Payments. Subject to the limitations described in the Financing Agreement, the parties hereto agree (a) that the payments of Valentine Bond Payments are designed to provide the City and the Trustee with moneys adequate in amount to pay all principal of, purchase price, redemption premium, if any, and interest accruing on the Valentine Project Portion as the same become due and payable, (b) that to the extent that the payments of Valentine Bond Payments are not sufficient to provide the City and the Trustee with funds sufficient for the purposes aforesaid, the Authority and the City shall be obligated to pay (subject with respect to the City to the limitations set forth in the Financing Agreement) to, and they do hereby covenant and agree to pay, upon demand therefor, as Additional Payments, such further moneys, in cash, as may from time to time be required for such purposes and (c) that if after the principal of redemption premium, if any, and interest on the Valentine Project Portion and all costs incident to the payment of the Valentine Project Portion have been paid in full (including all Additional Payments) the Trustee or the City holds unexpended funds received in accordance with the terms of the Financing Agreement, such unexpended funds shall, after payment therefrom of all sums then due and owing by the Authority and the City under the terms of the Financing Agreement, be distributed in accordance with the Series 2010C Indenture.

Security Interests. The City and the Authority agree to enter into all instruments (including financing statements and statements of continuation) necessary for perfection of and continuance of the perfection of the security interests of the City and the Trustee created hereby and by the Series 2010C Indenture. Subject to the preceding sentence, the Trustee shall continue or cause to be continued the liens of such instruments for so long as the Valentine Project Portion shall be Outstanding or any amounts remain unpaid under any of the Transaction Documents.

APPENDIX C

INFORMATION REGARDING THE CITY OF KANSAS CITY, MISSOURI

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INFORMATION CONCERNING THE CITY OF KANSAS CITY, MISSOURI

GENERAL INFORMATION

Location, Size and Demographics

Kansas City, Missouri (the "City") is the largest City in Missouri and is the central city of a fifteen county Metropolitan Statistical Area (MSA) which includes Bates, Caldwell, Cass, Clay, Clinton, Lafayette, Ray, Jackson and Platte counties in the State of Missouri and Johnson, Franklin, Linn, Wyandotte, Miami and Leavenworth counties in the State of Kansas. The City is located in parts of Jackson, Clay, Platte and Cass counties on the western border of the State of Missouri, and is situated at the confluence of the Kansas and Missouri rivers on Interstate Highways I-29, I-35 and I-70.

Historically, the City has pursued a policy of annexation, and is today the 13th largest city in land area in the United States with a total area of approximately 319 square miles (This information is true among cities that are not consolidated with counties).

According to the Department of City Planning and Development of Kansas City, Missouri, estimate, year 2009 population of the City and the Kansas City MSA are estimated at 484,339 and 2,022,631, respectively. There is excellent quality and reasonably priced housing available in the City. The cost of an existing home in the City is approximately seventeen percent (17%) below the average for comparable homes in the United States as of second quarter in 2009.

Municipal Government and Services

The City was incorporated on June 3, 1850. The City is a constitutional home rule city and adopted its present Charter by popular vote on August 8, 2006, pursuant to Article VI, Section 19 of the Missouri Constitution.

The City has a Council-Manager form of government. There are 13 members of the Council, including the Mayor. All are elected for four-year terms, with the Mayor and six Council members elected at large and the other six Council members elected by the residents of their districts. The City Manager is appointed by the Council. The Council determines City policy and oversees City affairs. All resolutions and most ordinances can be passed by the affirmative vote of seven Council members. However, emergency measures for the immediate preservation of the public peace, property, health, safety or morals and ordinances to expel a council member, to amend the zoning law when under protest, or to borrow money require nine affirmative votes.

As of January 30, 2010, the City has approximately 6,484 employees including the Police Department. The police are not unionized. Certain Fire personnel are union-eligible; however, not all Fire Department employees are represented by a bargaining unit. Along with the Fire Chief, and his Principal Assistant, the Fire Department has administrative, clerical, and Deputy Chiefs that are not represented by any bargaining unit. The Fire personnel are represented by the Local 42 IAFF (approximately 918) and the 3808 IAFF Union (approximately 38 members). Approximately 1,751 City employees, in labor classifications, are represented by the AFSCME Local 500. The current Local 500 Memorandum of Understanding (MOU) was adopted by the City Council and effective on September 14, 2008, retroactive to May 1, 2008 and will expire on April 30, 2011.

The City's tax structure is diverse and includes the Earnings and Profits Tax, Sales and Use Tax, Convention and Tourism Tax, General Property Tax, Gaming Tax, Motor Fuel Tax, Utility Tax which includes Telephone, Natural Gas, Steam, Cable Television and Electric taxes, Cigarette and Occupational License Tax.

The City provides all basic municipal services, including fire protection, water and sewage treatment, street construction and maintenance, traffic regulation and control, refuse collection, street lighting, public health protection, planning and maintenance of City parks and boulevards, tree planting, municipal golf courses, public swimming pools and tennis courts, management of two municipal airports, administration of zoning and subdivision regulations, and operation of the City's convention facilities. The Police Department, although financed primarily by General Funds of the City, is a separate governmental entity. School districts, which serve the City, are also separate governmental entities. Truman Medical Center and the Metropolitan Ambulance Services Trust are run by separate boards, but receive substantial funds from the City.

SELECTED DEMOGRAPHIC STATISTICS

Kansas City, Missouri			Metropolitan Statistical Area		
Year	Population ⁽¹⁾	Per Capita ⁽⁶⁾ Personal Income	Year	Population ⁽⁵⁾	Per Capita ⁽⁶⁾ Personal Income
2000	441,851 ⁽¹⁾	20,295	2000	1,842,814	22,506
2001	444,773 ⁽²⁾	21,587	2001	1,863,707	24,574
2002	448,379 ⁽²⁾	22,755	2002	1,885,911	24,560
2003	452,521 ⁽²⁾	20,026	2003	1,902,540	24,907
2004	457,595 ⁽²⁾	22,405	2004	1,920,385	24,914
2005	462,679 ⁽²⁾	24,567	2005	1,937,398	26,251
2006	468,644 ⁽²⁾	24,180	2006	1,958,328	26,848
2007	475,830 ⁽³⁾	24,299	2007	1,981,480	27,650
2008	480,129 ⁽³⁾	27,298	2008	2,002,047	29,084
2009	484,339 ⁽⁴⁾	26,806 ⁽⁷⁾	2009	2,022,631	Not Available

- (1) The Calendar Year 2000 population estimate was provided by the U.S. Census Bureau.
- (2) The Calendar Years 2001-2006 population numbers were estimated by the City Planning and Development Department of Kansas City, Missouri using numbers of housing units constructed, converted or demolished to proportion population change between 2000 and 2007. This method takes into account the successful City appeal to the U.S. Census Bureau, which resulted in the official population of Kansas City, MO in 2007 to change from 450,375 to 475,830.
- (3) The Calendar Year 2007-2008 numbers were estimated by the City Planning and Development Department of Kansas City, Missouri using a building permit based method created by U.S. Census Bureau for cities to challenge the Bureau's annual population estimates.
- (4) The Calendar Year 2009 number was estimated by the City Planning and Development Department of Kansas City, Missouri using straight line regression.
- (5) The Federal Office of Management and Budget changed Kansas City, Missouri's Metropolitan Statistical Area (MSA) from eleven (11) to fifteen (15) counties in 2003. All fifteen (15) counties are included in the MSA population numbers. The MSA population estimates from 2000-2008 were obtained from the U.S. Census Bureau and do not take into account the official change of Kansas City, Missouri's 2007 population and its estimates for 2000-2006, 2008 and 2009. Calendar Year 2009 population number was estimated by City Planning and Development Department of Kansas City, Missouri.
- (6) U.S. Census Bureau.
- (7) Table 16 Statistical Section of the 2009 Kansas City, Missouri Comprehensive Annual Financial Report.

Sources: U.S Census Bureau; City Planning and Development Department, Mid-America Regional Council and Census Bureau's Annual America Community Survey.

COMPARISON OF METROPOLITAN AREAS

	ACCRA Cost of Living Index 2009 2nd Quarter ⁽¹⁾	Median Price, Existing Homes 2009 2nd Quarter ⁽²⁾	Per Capita Retail Sales (2007) ⁽³⁾
Kansas City	96.0	\$144,100	\$15,818
U.S.	100.0	174,100	15,961
Atlanta	93.2	121,400	16,285
Charlotte	92.7	199,700	17,520
Chicago	112.2	204,300	15,655
Columbus	93.7	136,600	15,747
Dallas	92.0	150,700	15,652
Denver	104.1	223,700	17,650
Los Angeles	142.0	311,100	15,323
Memphis	86.6	121,100	15,506
Minneapolis	111.7	184,500	17,697
New York	217.5	379,800	15,052
Phoenix	99.2	131,100	18,684
Saint Louis	89.8	133,600	16,075
Salt Lake City	100.0	216,500	19,148
San Francisco	162.7	472,900	15,823

Sources:

All information in the above table was obtained from the Kansas City Area Development Council (KCADC). For comparability to other City MSA's, Kansas City information is based on fifteen (15) county areas for the "Per Capita Retail Sales" and "Median Home Price." Reference is further made by KCADC to the following sources:

- (1) The Council for Community and Economic Research, ACCRA.
- (2) National Association of Realtors.
- (3) Claritas / Market Statistics.

THE KANSAS CITY ECONOMY

The City is a regional center for transportation, telecommunications, manufacturing, health care, trade, financial services, and government. Major companies headquartered in metropolitan Kansas City, Missouri include Sprint Nextel Corporation, HCA-Midwest Health Systems and DST Systems, Inc. Other major employers include the Public School Systems, State/County/City Government, Federal Government, Wal-Mart Stores Inc, McDonald's USA LLC, St. Luke's Health System, AT&T and Cerner Corporation.

The City's economy provides for a consistent and well distributed earnings and employment environment for its business sectors.

The City's proximity and ready access to geographical and population centers throughout the nation make the area an attractive location for industrial product distribution and trade. The City's central location is advantageous for commuting to all parts of the United States and has enhanced its development and posture as a major transportation center with a complete range of transportation facilities, including a major highway network, eleven railroad trunk lines, and the Kansas City International Airport (KCI). KCI handled 9.9 million passengers in fiscal year 2009. As of April 30, 2009, there were 26 passenger airlines, 10 mainline and 16 regional/commuter serving 49 cities with nonstop service. From May 2009 through January 2010 KCI handled 7.6 million passengers. As of January 31, 2010, there were 11 main passenger airlines serving 49 cities with nonstop service. Flight times from KCI are about three hours to either coastline.

MAJOR KANSAS CITY METROPOLITAN STATISTICAL AREA EMPLOYERS

Kansas City Metropolitan Area Principal Employers

Employer	Type of Business	Number of Employees ⁽³⁾
Federal Government	Government	37,000
Public School System ⁽¹⁾	Education	32,310
State/County/City Government ⁽²⁾	Government	26,496
Sprint Nextel Corp.	Wireless Telecommunication	12,000
Wal-Mart Stores Inc.	Discount Retail	7,400
McDonald's USA LLC	Quick-Service Restaurant	7,000
Saint Luke's Health System	Health Care Provider	6,403
HCA Midwest Health Systems	Health Care Provider	5,296
AT&T	Telecommunications	5,230
Cerner Corp	Health Care Information Technology	4,800
Children's Mercy Hospitals & Clinics	Pediatric Specialty Health Care	4,637
Ford Motor Company	Automotive Assembly	4,465
DST Systems, Inc.	Information Processing and Computer Software Services	4,425
Hallmark Cards Inc.	Greeting Cards, Expression Products	4,000
University of Kansas Hospital	Television Programming	
Black & Veatch	Acute Care & Research Hospital	3,880
	Global Engineering Consulting and Construction Company	3,800

(1) The number of local employees for the public school systems is made up of eleven (11) public school systems and school districts.

(2) The number of local employees for the State/County/City Government is made up of eight (8) employers.

(3) The City does not undertake continuously to update this table. The information presented in this table speaks only as of the date indicated in the source. Layoffs or developments after this date is not presented, and they can render some information in the table to be inaccurate. In general, employment has sharply declined in recent months as reported by the Bureau of Labor Statistics of the U.S. Department of Labor. In May 2009 to April 2010 job losses were widespread across most major industry sectors.

Source: Top Public-Sector Employers, Kansas City Business Journal, April 3, 2009 and Top100 Area Private Sector Employers, Kansas City Business Journal, April 24, 2009.

Employment Information

The following table shows the annual average non-agricultural employment for the metropolitan area for 2004 to 2008.

ANNUAL AVERAGE NON-AGRICULTURAL EMPLOYMENT METROPOLITAN AREA

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Manufacturing	83,700	82,900	83,300	82,400	81,100
Trade, Transport & Utilities	202,200	203,600	205,000	207,900	206,000
Information	45,300	42,600	42,000	42,500	42,100
Finance	70,900	71,100	73,100	74,200	73,800
Professional & Business Services	127,700	137,700	141,600	147,900	150,300
Educational & Health Services	108,900	111,700	114,500	118,600	123,600
Leisure & Hospitality	92,300	93,000	94,600	95,300	96,600
Government	143,900	144,300	145,800	150,500	153,000
Mining & Construction ⁽¹⁾	50,800	52,900	54,400	53,000	50,100
Other Services	40,400	40,200	39,900	41,100	41,800
<i>Total, Non-farm</i>	<i>966,100</i>	<i>980,000</i>	<i>994,200</i>	<i>1,013,400</i>	<i>1,018,400</i>

(1) The name was changed from Natural Resources and Construction to Mining and Construction by the Federal Bureau of Labor and Statistics.

Sources: Missouri Department of Economic Development, Missouri Economic Research & Information Center in Cooperation with U.S. Department of Labor, Bureau of Labor Statistics. These figures were based upon the North American Industry Classification System (NAICS).

The following table depicts average annual unemployment rates for the last ten calendar years.

AVERAGER ANNUAL UNEMPLOYMENT RATES

Year	Kansas City	MSA	United States
2000	3.8	3.3	4
2001	5.3	4.4	4.7
2002	6.6	5.5	5.8
2003	7.2	6	6
2004	7.7	6.1	5.5
2005	7.1	5.6	5.1
2006	6.4	5	4.6
2007	6.5	5	4.6
2008	7.6	5.7	5.8
2009 ⁽¹⁾	11.5	8.5	9.3

(1) Unemployment Rate from January 2009 to December 2009.

Source: U.S. Department of Labor, Bureau of Labor Statistics.
December 2009 is preliminary estimates.

The following table shows the valuation of building construction for the last ten fiscal years:

Property Valuation

BUILDING CONSTRUCTION VALUATION
(Amounts Expressed in Thousands)

Fiscal Year	Commercial Valuation	Residential Valuation	Total
2000	643,246	232,500	875,746
2001	482,427	244,223	726,650
2002	685,120	306,693	991,813
2003	426,447	397,062	823,509
2004	372,238	394,758	766,996
2005	600,068	471,313	1,071,381
2006	1,095,063	417,816	1,512,879
2007	749,898	345,252	1,095,150
2008	900,097	354,808	1,254,905 ⁽¹⁾
2009	710,284	240,803	951,087

(1) Fiscal year 2008 numbers were revised by the Department of City Planning and Development.

Sources: Division of Development Services, Department of City Planning and Development, City of Kansas City, Missouri.

The following table shows the locally assessed value of both real and personal taxable property for the last ten fiscal years:

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
(Amounts Expressed in Thousands)

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Value
2000	3,538,437	1,515,046	5,053,483
2001	3,589,296	1,596,472	5,185,768
2002	3,899,050	1,596,366	5,495,416
2003	3,850,565	1,526,968	5,377,533
2004	4,242,606	1,425,531	5,668,137
2005	4,488,998	1,428,914	5,917,912
2006	5,021,849	1,432,570	6,454,419
2007	5,185,697	1,438,517	6,624,214
2008	5,512,212	1,771,702	7,283,914
2009	5,808,887	1,578,677	7,387,564

Sources: Original data obtained from aggregate assessed valuation reports certified by each county clerk and on file with the State of Missouri and the Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2009.

BUDGETING, ACCOUNTING AND AUDITING PROCEDURES

Budget Process

The City Charter requires that the City Council adopt an annual budget for the City's May 1 through April 30 fiscal year. In fulfilling this requirement, the City's year-round budget and planning process consists of four phases:

Budget Development. The Office of Management and Budget issues budget instructions to city departments, boards, and commissions to be used in estimating revenues and requesting the appropriations necessary to fulfill their needs in the next fiscal year. Departments prepare their budget requests based on estimates of work to be performed and their cost. The amounts requested must be justified in terms of the results to be achieved. The City Charter requires that departments submit their requests to the City Manager on or before the 15th day of November. During this phase, the City Council also convenes budget priority sessions to provide staff with information on City Council funding priorities.

Budget Review. The Office of Management and Budget performs technical and policy reviews of departmental budget requests and forwards recommendations to the City Manager. The Budget Director and the City Manager confer with departmental staff to formulate a balanced budget. This draft budget is provided to the Mayor no later than January 15th for review and comment.

Budget Consideration and Adoption. The Mayor transmits to the City Council not later than the second regular meeting in February the annual budget prepared by the City Manager with any comments of the Mayor. The City Council conducts a review of the budget, including hearings with the City Manager and department officers. Upon completion of its review of the budget the City Council holds at least one public hearing and, in any case not later than the first regular meeting in March, places on file in the office of the City Clerk the annual budget ordinance and holds hearings with the public. At the fourth regular meeting in March the City Council shall adopt the annual budget ordinance with or without alteration or amendment.

Administration of the Budget. After the budget has been adopted by the City Council, the approved appropriations and revenues are entered into the City's financial accounting system. The City Controller reports to the City Council, upon the close of books for each month of the fiscal year, the status of the budget. The Office of Management and Budget performs a quarterly analysis of revenues and appropriations, makes new estimates of such, and recommends necessary budget adjustments to ensure the City's budget remains in balance. Strict budgetary compliance is maintained through the checks and balances of administrative regulations, Finance Department Manuals of Instruction, and an automated accounting system. Department budgets can be increased or decreased only by passage of an ordinance by the City Council.

Accounting Procedures and Annual Audit

Under the requirements of Governmental Accounting Standards Board Statement No. 34 (GASB 34) – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments a dual reporting perspective is required for financial statement presentation. This dual perspective includes both a fund basis perspective and an entity wide perspective. Fiscal year 2002-03 was the first year of implementation of GASB 34 for the City.

Under the fund basis perspective, the City reports on a modified accrual basis of accounting for the various Governmental fund types and the accrual basis of accounting is utilized by the Proprietary and Fiduciary fund types. Under the entity wide perspective, the accrual basis of accounting is utilized.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and that financial statements present fairly the results of operations of the various funds of the City. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The Charter requires an annual audit of the City's financial statements by an independent certified public accountant. In addition to meeting the requirements set forth in the Charter, the City has obtained an audit in accordance with the provisions of the Office of Management and Budget Circular A-133.

CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

Last Five Fiscal Years
(In thousands)

	2005	2006	2007	2008	2009
Revenues:					
Taxes	497,869	533,603	555,646	576,444	561,936
Licenses, permits and franchises	96,899	112,428	113,307	154,948	139,922
Fines and forfeitures	16,757	16,371	17,187	17,091	16,701
Rents and concessions	10,859	20,921	18,556	15,852	14,824
Charges for services	38,859	42,885	41,453	46,385	76,063
Special assessments	5,206	6,794	6,710	7,094	7,666
Intergovernmental	89,449	83,373	100,628	103,517	138,631
Investment earnings	12,067	28,268	47,737	37,493	21,338
Contributions	5,948	11,584	44,430	42,164	16,664
Lease rentals	-	-	-	-	-
Other revenues	5,761	5,472	9,373	9,184	12,879
Total revenues	779,674	861,699	955,027	1,010,172	1,006,624
Expenditures:					
General government	57,296	72,585	98,356	117,593	122,471
Fire	89,594	105,628	97,493	94,735	97,432
Public works	74,155	133,761	214,404	57,309	65,312
Codes administration	8,140	6	-	-	-
Neighborhood development	44,566	40,771	39,375	33,497	58,048
Health	47,614	60,014	62,409	66,386	65,224
Culture and recreation	42,717	47,883	42,641	42,385	40,259
Convention facilities	19,290	29,530	26,721	21,263	14,338
Pollution control	17,166	398	-	-	-
Nondepartmental	44,472	57,114	46,813	84,653	78,078
Police	144,545	153,606	165,071	182,998	197,290
Intergovernmental	47,289	48,402	47,964	47,893	48,233
Capital Improvement Expenditures	207,885	288,602	289,661	334,251	212,248
Debt service:					
Interest	32,235	49,339	59,544	66,951	76,893
Principal	38,539	39,931	43,977	59,501	49,386
Bond issuance costs	9,173	3,043	4,340	3,160	3,269
Total expenditures	924,676	1,130,613	1,238,769	1,212,575	1,128,481
Excess of revenues over (under) expenditures	(145,002)	(268,914)	(283,742)	(202,403)	(121,857)
Other financing sources (uses):					
Issuance of debt	654,631	231,388	334,618	222,332	543,010
Premium/discount on bond issue	6,168	8,183	10,715	4,514	(5,691)
Payment to refund bond escrow agent	(23,097)	(173,205)	(107,666)	(121,225)	(513,359)
Proceeds of capital leases	-	-	-	-	-
Transfers in	151,070	188,462	150,193	159,105	195,194
Transfers out	(150,386)	(188,147)	(150,869)	(160,069)	(195,194)
Intergovernmental Transfers					(33,183)
Total other financing sources (uses)	638,386	66,681	236,991	104,657	(9,223)
Restatement of beginning fund balance	-	-	-	-	-
Net change in fund balance	493,384	(202,233)	(46,751)	(97,746)	(131,080)
Debt service expenditures	70,774	89,270	103,521	126,452	129,548
Capital Improvement Expenditures	207,885	288,602	289,661	334,251	184,215
Net operating expenditures	716,791	842,011	949,108	878,324	944,266
Debt Service as a percentage of net operating expenditures	9.9%	10.6%	10.9%	14.4%	13.7%

Source: Statistical Data Section of the Comprehensive Annual Financial Report for Fiscal Year 2009.

Governmental Fund: Revenues

Sources of revenue for the City's governmental funds are widely diversified as shown in the following table:

GOVERNMENTAL FUND REVENUES

(Amount Expressed in Thousands)

				Increase or (Decrease)	Percentage Increase or (Decrease)
	2008	2009			
Revenues:					
Taxes	\$ 576,444	561,936	(14,508)	(2.52%)	
Licenses, permits and franchises	154,948	139,922	(15,026)	(9.70%)	
Fines and forfeitures	17,091	16,701	(390)	(2.28%)	
Rents and concessions	15,852	14,824	(1,028)	(6.48%)	
Charges for services	46,385	76,063	29,678	63.98%	
Special assessments	7,094	7,666	572	8.06%	
Intergovernmental	103,517	138,631	35,114	33.92%	
Investment earnings	37,493	21,338	(16,155)	(43.09%)	
Contributions	42,164	16,664	(25,500)	(60.48%)	
Lease rentals	—	-	-		
Other revenues	9,184	12,879	3,695	40.23%	
	1,010,172	1,006,624	(3,548)	(0.35%)	

Revenues for the City's governmental funds during fiscal year 2009 totaled \$1 billion, a decrease of (-0.35%) over fiscal year 2008.

Source: Statistical Data Section of the City of Kansas City, Missouri, Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2009.

Governmental Fund: Expenditures

The City's governmental funds are used to account for expenditures of traditional government services as shown in following table:

GOVERNMENTAL FUND EXPENDITURES (Amount Expressed in Thousands)

	2008	2009	Increase or (Decrease)	Percentage Increase or (Decrease)
Expenditures:				
General government	117,593	122,471	4,878	4.15%
Fire	94,735	97,432	2,697	2.85%
Public works	57,309	65,312	8,003	13.96%
Codes administration	—	—	—	—
Neighborhood development	33,497	58,048	24,551	73.29%
Health	66,386	65,224	(1,162)	(1.75%)
Culture and recreation	42,385	40,259	(2,126)	(5.02%)
Convention facilities	21,263	14,338	(6,925)	(32.57%)
Pollution control	—	—	—	—
Nondepartmental	84,653	78,078	(6,575)	(7.77%)
Police	182,998	197,290	14,292	7.81%
Intergovernmental	47,893	48,233	340	0.71%
Capital Improvement Expenditures	334,251	212,248	(122,003)	(36.50%)
Debt service:		—	—	
Interest	66,951	76,893	9,942	14.85%
Principal	59,501	49,386	(10,115)	(17.00%)
Bond issuance costs	3,160	3,269	109	3.45%
	\$ 1,212,575	\$ 1,128,481	\$ (84,094)	(6.94%)

Expenditures for the City's governmental funds during fiscal year 2009 totaled \$1.1 billion, and decrease of 6.94 % over fiscal year 2008.

Source: Statistical Data Section of the City of Kansas City, Missouri, Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2009.

Governmental Funds: Fund Balances

The fund balances of the General Fund and other selected operating funds for the last five years are shown in the following table:

FUND BALANCES Governmental Funds <i>Budget Basis ⁽¹⁾</i> <i>(Amount Expressed in Thousands)</i>					
	2005	2006	2007	2008	2009
General Fund	17,207 ⁽²⁾	33,976 ⁽³⁾	22,807 ⁽⁴⁾	27,533 ⁽⁵⁾	34,717 ⁽⁶⁾
General Fund Expenditures & Transfers Out (actual)	395,633	403,876	445,010	465,988	474,108
Fund Balance as a Percent Of Expenditures & Transfers	4.35%	8.41%	5.13%	5.91%	7.32%
Other Operating Funds					
Park Funds ⁽⁷⁾	\$1,183	\$4,526	\$8,112	\$18,186	\$18,616
Motor Fuel Tax	159	(2,151)	(3,008)	(1,941)	(242)
Public Mass Transit	1,400	891	2,687	3,606	3,211
Convention and Tourism	16,505	19,081	20,277	14,180	9,791
Capital Improvements	157,283	121,549	114,032	136,306	124,915
Other	89,254	43,809	65,976	94,932	82,366
General Debt & Interest	11,051	10,678	14,120	8,880	4,813
Total General & Other Selected Operating Funds	\$294,042	\$232,359	\$245,003	\$301,682	\$278,187

(1) The City budgets on a cash basis.

(2) The General Fund balance is adjusted to \$ 13.5 million on May 1, 2005, or 3.40% of General Fund Expenditures and Transfers. This is the result of \$13.8 million of revenue re-estimation, \$18.5 million of re-appropriations, and the restoration of \$0.9 million of unused resources to balance the fiscal year 2005-06 General Fund budget.

(3) The General Fund balance is adjusted to \$ 19.3 million on May 1, 2006, or 4.78% of General Fund Expenditures and Transfers. This is the result of \$10.4 million of revenue re-estimation, \$25.5 million of re-appropriations, and the restoration of \$0.4 million of unused resources to balance the fiscal year 2006-07 General Fund budget.

(4) The General Fund balance is adjusted to \$ 19.8 million on May 1, 2007, or 4.45% of General Fund Expenditures and Transfers. This is the result of \$3.1 million of re-appropriations, and the restoration of \$0.1 million of unused resources to balance the fiscal year 2007-08 General Fund budget.

(5) The General Fund Balance is adjusted to \$26.2 million on May 1, 2008 or 5.62% of General Fund Expenditures and Transfers. This is the result of an ending Fund Balance of \$27.6 million less \$1.4 million of re-appropriations for Police Department encumbrances.

(6) The General Fund Balance is adjusted to \$33.2 million on May 1, 2009 or 7.01% of General Fund Expenditures and Transfers out. This is the result of an ending Fund Balance of \$34.7 million less \$5.0 million of re-appropriations of unspent appropriations plus \$3.5 million of re-estimation of uncollected revenues.

(7) Several Parks Funds, which were classified under "Other" in previous reports, were moved from the "Others" category to the "Parks Funds" category.

PROPERTY TAX VALUATIONS AND REVENUES

Assessment Procedure

All taxable real and personal property within the City is assessed annually by the County Assessors. Missouri Law requires that property be assessed at the following percentages of true value:

Personal property.....	33-1/3%
Residential real property	19%
Agricultural and horticultural real property.....	12%
Utility, industrial, commercial railroad and all other real property.....	32%

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the state legislature adopted a maintenance law in 1986 requiring biennial reassessment of real property. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within the county in accordance with the biennial assessment and equalization maintenance plan approved by the State Tax Commission.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

Every person owning or holding real property or tangible personal property on January 1 of any calendar year shall be liable for taxes. Certain properties, such as those used for charitable, educational and religious purposes are excluded from both the real estate ad valorem tax and personal property tax.

History of Property Valuations

The following table shows the total assessed valuation, by category, of all taxable, tangible property located in the City according to the assessment on January 1, 2008 (fiscal year 2009):

Real Property	\$5,599,824,314
Individual and Business Personal Property	1,458,898,316
Railroad and Utility Property	<u>328,841,378</u>
TOTAL	\$7,387,564,008

The total assessed valuation and estimated true valuation of all taxable, tangible property located in the City, according to the assessments on January 1 for the last ten years are shown in the following table:

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
(Amount Expressed in Thousands)

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2000	3,538,437	1,515,046	5,053,483	1.32	19,690,463	25.66%
2001	3,589,296	1,596,472	5,185,768	1.35	20,513,268	25.28%
2002	3,899,050	1,596,366	5,495,416	1.32	21,866,696	25.13%
2003	3,850,565	1,526,968	5,377,533	1.34	21,608,211	24.89%
2004	4,242,606	1,425,531	5,668,137	1.32	23,292,660	24.33%
2005	4,488,998	1,428,914	5,917,912	1.32	24,214,469	24.44%
2006	5,021,849	1,432,570	6,454,419	1.51	26,915,825	23.98%
2007	5,185,697	1,438,517	6,624,214	1.51	27,709,503	23.91%
2008	5,512,212	1,771,702	7,283,914	1.46	30,428,778	23.94%
2009	5,808,887	1,578,677	7,387,564	1.47	30,951,663	23.87%

Source: Original data was obtained from aggregate assessed valuation reports certified by each county clerk and on file with the State of Missouri and the Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2009.

Property Tax Levies and Collections

Tax Collection Procedure. The City is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the City's general obligation debt for the ensuing budget year.

City real estate taxes, other than for railroads and utilities, for property located in Clay County are collected by the City Treasurer. City real estate taxes for property located in Cass, Platte, and Jackson Counties are collected by the County Collector of Revenues in those Counties, who disburse such revenue to the City Treasurer. Property tax revenue collected by the City is due and payable on the first day of November and delinquent after December 31 of the year in which levied. Interest at the rate of one percent per month attaches on November 1 and each month, or part thereof, thereafter to the date of payment. Other real estate taxes as noted above and personal property taxes are due and payable to the Counties and State on November 1 and become delinquent after December 31 of the year in which they are levied.

Tax Rates. The following table shows the City's tax levies per \$100 of assessed valuation over the past ten years:

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Fiscal Year	City Direct Rates					Overlapping Rates		
	General	Health	Debt and Interest	Museum	Total Direct Tax Rate ⁽¹⁾	Jackson County	Clay County	Platte County
2000	0.6700	0.4900	0.1400	0.0200	1.3200	7.7270	6.5800	6.7200
2001	0.6700	0.4900	0.1700	0.0200	1.3500	7.8330	6.6530	6.7670
2002	0.6700	0.4900	0.1400	0.0200	1.3200	7.8130	6.8810	6.7440
2003	0.6800	0.5000	0.1400	0.0200	1.3400	7.8330	7.1000	6.8120
2004	0.6692	0.4872	0.1400	0.0195	1.3159	7.7879	7.1549	6.6489
2005	0.6713	0.4887	0.1400	0.0196	1.3196	7.7499	7.2684	6.9608
2006	0.6519	0.6946	0.1400	0.0190	1.5055	7.9089	8.0109	7.1046
2007	0.6519	0.6946	0.1400	0.0190	1.5055	7.9101	8.0144	7.0947
2008	0.6320	0.6728	0.1400	0.0184	1.4632	7.8368	8.2323	6.8183
2009	0.6342	0.6751	0.1400	0.0185	1.4678	7.8748	8.2383	6.8198

(1) In addition to this total, there are special levies on assessed value of land exclusive of improvements of \$0.50 per \$100 for park maintenance and \$0.25 per \$100 for trafficway maintenance and a boulevard tax of \$1.00 per front foot.

Sources: Division of Accounts and Treasury Division, Finance Department, City of Kansas City, Missouri.

The tax rate for municipal operating purposes cannot exceed \$1.00 per \$100 assessed valuation; in fiscal year 2009, the City levied 63.42 cents of this limit. The City levies an annual tax for the purpose of operating hospitals and public health facilities. In 2009, the City levied 46.13 cents per \$100 assessed valuation, plus an additional 21.38 cents per \$100 assessed valuation for a temporary nine (9) year health levy approved by the voters. For museum purposes in fiscal year 2009, the City levied 1.85 cents of the statutory maximum 10 cents per \$100 assessed valuation. There is no legal limitation on the tax rate for the payment of principal and interest on municipal bonded debt. In fiscal year 2009, the City levied 14 cents per \$100 assessed valuation.

A Missouri constitutional amendment limiting taxation and government spending, limits the rate of growth of the total amount of taxes which may be imposed in any fiscal year. The limit may not be exceeded without a majority vote. Provisions are included in the amendment for rolling back levy rates to produce an amount of revenue equal to that of the previous year. The assessed valuations of new construction, new personal property, and newly annexed areas are exempt from this limitation.

Tax Collection Record. The following table sets forth tax collection information for the last ten fiscal years:

PROPERTY TAX LEVIES AND COLLECTIONS

Fiscal Year	Taxes Levied For the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage
2000	62,689,296	57,499,904	91.72	4,840,270	62,340,174	99.44
2001	65,588,925	60,564,786	92.34	4,681,470	65,246,256	99.48
2002	67,837,113	62,197,047	91.69	4,439,975	66,637,022	98.23
2003	65,411,940	63,723,322	97.42	3,640,763	67,364,085	102.98
2004	72,536,445	67,045,603	92.43	4,880,766	71,926,369	99.16
2005	75,493,396	67,963,294	90.03	6,504,181	74,467,475	98.64
2006	92,577,050	86,679,031	93.63	4,318,080	90,997,111	98.29
2007	94,118,747	87,318,173	92.77	5,288,089	92,606,262	98.39
2008	99,772,803	94,242,910	94.46	4,902,678	99,145,588	99.37
2009	104,701,745	92,373,937	88.23	3,530,584	95,904,521	91.60

Sources: The Treasury Division, Finance Department and the Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2009.

Principal taxpayers for fiscal year 2009 shown in the following table:

CITY OF KANSAS CITY, MISSOURI TOP TEN TAXPAYERS

Taxpayer	Type of Business	Assessed Value	Percent of Valuation ⁽¹⁾
Kansas City Power & Light	Electric Utility	138,907,567	1.88%
Hallmark/Crown Center	Greeting Card, Retail Sales	66,853,049	0.90%
Ameristar Casino Kansas City	Gaming	47,381,271	0.64%
AT&T	Telecommunications	42,269,179	0.57%
JC Nichols & Highwoods Realty Ltd	Real Estate	30,256,275	0.41%
Zona Rosa Development LLC	Real Estate	28,030,870	0.38%
DST Systems	Computer Software Services	24,855,697	0.34%
Kansas City Star	News Media	23,079,769	0.31%
IBM Credit LLC	Computer Software Services	18,781,727	0.25%
Hunt Midwest Real Estate Development	Real Estate	17,902,340	0.24%
		\$438,317,744	5.93%

(1) The total assessed valuation for fiscal year 2009 is \$7,387,564,008.

CASH MANAGEMENT, RISK MANAGEMENT, AND PENSION PLANS

Cash Management ⁽¹⁾

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The City maintains pooled and restricted investments in accordance with the City Charter, the Code of Ordinances and the City's Investment Policy.

The investment portfolio at carrying value, excluding pensions and trusts, totaled \$878,330,275 on April 30, 2009, and was distributed in the following instruments:

Collateralized Money Market Account	\$ 15,004,831
Collateralized Certificates of Deposit	20,000,000
U.S. Treasury Obligations	136,923,141
U.S. Agencies	<u>706,402,303</u>
	\$878,330,275

The weighted average yield on these investments as of April 30, 2009 was 2.88 percent. Total earnings from investments were \$28,647,166, a 23.7 percent decrease from the prior Fiscal Year 2008.

⁽¹⁾ Treasury Division, Finance Department, City of Kansas City, Missouri.

Risk Management (Property and Liability Coverage)

The City maintains all risk property insurance for property damage claims related to City buildings and contents, including Aviation Department property. The City also provides insurance for employee fraud, public official and notary bonding, a tenant and user policy for special events, excess general liability insurance, and excess workers' compensation claims.

The City purchases commercial insurance for buildings, together with their contents. The City pays an annual premium and assumes a \$150,000 deductible. The policy is renewable annually.

Boilers and machinery owned by the City are insured in the amount of \$750,000,000 with a per occurrence deductible of \$150,000.

The City is afforded governmental tort immunity pursuant to Section 537.600, RSMo. However, this state statute specifically waives the City's immunity for damages resulting from its negligence arising out of the operation of a motor vehicle and damages caused by the dangerous condition of its property. The City's liability for these damages cannot exceed the maximum amounts established in Section 537.610, RSMo, which are \$378,814 per person and \$2,525,423 per occurrence.

Therefore, the City has adopted a risk management program with regard to third party claims for damage and loss. This program would apply to any third party claims for damage or loss based on the negligence of the City or of its employees, officers and agents. The City has a retained risk fund to satisfy claims. Any third party loss exceeding the fund assets would be paid by appropriation passed by the City Council.

Employee Retirement and Pension Plans

The City has two contributory defined benefit pension plans, the Employees' Retirement System and the Firefighters' Pension System (the "Plans"), covering substantially all employees. Contributions to the Plans are made by the City and covered employees. The contributions are calculated to fund normal cost and amortization of unfunded prior service costs. The City receives annual actuarial reports on the present value of accumulated plan benefits and net assets available for benefits.

Historical trend information for the pension systems is as follows (in millions of dollars):

Funding Progress				Employer Contributions		
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Plan Year Ended April 30	Annual Required City Contribution	Percentage Contributed
<u>Employees' Retirement System</u>						
5/1/2000	597.1	517.0	115.5	2000 (1)	7.3	100
5/1/2001	623.2	573.3	108.7	2001 (1)	8.1	100
5/1/2002	634.0	630.7	100.5	2002	9.1	96.2
5/1/2003	624.9	707.5	88.3	2003	14.0	66.3
5/1/2004	627.1	740.2	84.7	2004	20.0	60.4
5/1/2005	645.6	781.9	82.6	2005	23.4	63.3
5/1/2006	745.7	800.8	93.1	2006	25.8	68.1
5/1/2007	823.0	847.4	97.1	2007	17.7	104.8
5/1/2008	873.7	934.3	93.5	2008	15.6	128.1
5/1/2009	704.1	966.8	72.8	2009	19.4	105.0
				2010	29.6	Not Available

Funding Progress				Employer Contributions		
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Plan Year Ended April 30	Annual Required City Contribution	Percentage Contributed
<u>Firefighters' Pension System</u>						
5/1/2000	310.0	326.3	95.0	2000 (2)	6.8	100
5/1/2001	314.4	334.8	93.9	2001 (2)	7.0	100
5/1/2002	313.6	358.7	87.4	2002 (2)	7.7	100
5/1/2003	306.2	372.0	82.3	2003 (2)	8.2	100
5/1/2004	318.8	384.2	83.0	2004 (2)	9.6	87.8
5/1/2005	332.4	392.9	84.6	2005 (2)	9.8	89.1
5/1/2006	381.4	434.0	87.9	2006 (2)	9.8	92.7
5/1/2007	412.4	447.9	92.10	2007 (2)	9.4	100.5
5/1/2008	447.2	478.7	93.4	2008 (2)	8.7	113.8
5/1/2009	348.5	500.2	69.7	2009 (2)	9.5	108.9
				2010 (2)	17.1	Not Available

- (1) For Plan year's ended April 30, 1999 through April 30, 2001, Annual Required Contributions are restated upwards from the figures previously presented in order to match Actual Contributions. This footnote applies only to the Employees' Retirement System.
- (2) Actual contributions are shown for plan years ended April 30, 1999 through April 30, 2003 since the effective amortization period is allowable by GASB. The annual required contribution for the plan years ended April 30, 2004 and beyond is based on a 30-year amortization period, which is allowable by GASB.

Sources:

- (1) Retirement Division, Human Resources Department, City of Kansas City, Missouri. Report prepared by Cheiron.

Note: Data for 5/1/2010 percentage contributed year ending 2010 for employer contribution is not yet available as of the date of the series 2010A, 2010B and 2010 special obligation bonds official statement.

Police & Civilian Employees' Retirement System

Two contributory defined benefit pension plans ("Plans") have been established by the Missouri General Assembly for the employees of the Kansas City, Missouri Police Department, the Police Retirement System of Kansas City, Missouri and the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri. The participating employees and the City of Kansas City, Missouri make contributions to the Plans. The Board of Trustees contract for annual actuarial valuations to determine the present value of accumulated plan benefits and net assets available for benefits. The contribution rates are calculated to fund normal costs and to amortize the unfunded actuarial accrued liability. The historical trend information for the pension systems is as follows (in millions of dollars):

Funding Progress				Employer Contributions		
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Fiscal Year Ended	Annual Required City Contribution	Percentage Contributed
<u>Police Retirement System</u>						
4/30/2000 (2)	584.5	589.6	99.1%	2000	9.2	118%
4/30/2001 (2)	600.1	615.3	97.5%	2001	10.8	106%
4/30/2002 (2)	620.9	648.6	95.7%	2002	10.8	104%
4/30/2003 (1) (2)	611.2	682.7	89.5%	2003	11.6	104%
4/30/2004 (2)	603.4	712.3	84.7%	2004 (1)	15.1	85%
4/30/2005 (2)	604.6	741.0	81.6%	2005	15.8	84%
4/30/2006 (2)	635.6	775.3	82.0%	2006	19.0	72%
4/30/2007 (2)	698.1	807.9	86.4%	2007	21.4	68%
4/30/2008 (2)	742.0	850.7	87.2%	2008	22.7	69%
4/30/2009 (2)	641.2	893.5	71.7%	2009	24.3	69%
				2010	23.6	Not Available
<u>Civilian Employees' Retirement System</u>						
4/30/2000 (2)	56.9	56.0	101.5%	2000	1.2	82%
4/30/2001 (2)	61.9	62.1	99.7%	2001	1.3	102%
4/30/2002 (2)	66.4	67.8	97.9%	2002	1.4	101%
4/30/2003 (1)(2)	68.2	83.0	82.1%	2003	1.8	89%
4/30/2004 (2) (3)	69.9	89.1	78.4%	2004 (1)	2.9	54%
4/30/2005 (2)	72.4	97.1	74.5%	2005	3.1	52%
4/30/2006 (2)	78.8	105.9	74.4%	2006 (3)	3.5	62%
4/30/2007 (2)	89.1	110.4	80.7%	2007	3.9	70%
4/30/2008 (2)	98.0	117.6	83.3%	2008	4.2	80%
4/30/2009 (2)	86.3	125.0	69.1%	2009	4.3	80%
				2010	4.0	Not Available

- (1) After changes in actuarial assumptions or methods.
- (2) For valuation years 2001 and prior, and 2007 and later valuation, payroll includes projected salary increases for

year following valuation. For valuation years 2002 through 2006, valuation payroll is payroll reported in data after annualization of pays for new hires.

(3) After changes in benefit provisions.

Sources: Police Retirement System of Kansas City, Missouri and Civilian Employee's Retirement System of the Police Department of Kansas City, Missouri.

In June 2004, the Governmental Accounting Standards Board ("GASB") issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. Specifically, the City is required to measure and disclose an amount for annual OPEB cost on the accrual basis for health benefits that will be provided to retired employees in future years. The disclosure requirement for the City began with the fiscal year ending April 30, 2008.

The following table displays specific information from the City's two most recent OPEB actuarial reports:

OTHER POST EMPLOYMENT BENEFITS (OPEB) <i>(Amount Expressed in Thousands)</i>						
Actuarial valuation date	(a) Actuarial value of assets	(b) Actuarial accrued liability (AAL) entry age	(b)-(a) Unfunded (assets in excess of) AAL (UAAL)	(a)/(b) Funded ratio	(c) Covered payroll	[(b)-(a)]/(c) UAAL as a percentage of covered payroll
<i>City of Kansas City - Employee/Firefighter Other Post Employment Benefits</i>						
4/30/06	\$ -	150,376	150,376	- %	\$ 193,387	77.76 %
4/30/08	-	208,612	208,612	-	221,036	94.38

Schedule of Employer Contributions
(In thousands)

Fiscal year ending	Annual OPEB cost (AOC)	Percentage of AOC contributed	Net OPEB (obligation)
4/30/2008	\$ 16,017	13	\$ (13,916)
4/30/2009	21,988	15	(32,504)

Note: The Police Department's management determined that the methodology used by the Actuary in preparing the April 30, 2006 OPEB actuarial valuation was not consistent with those used in the April 30, 2008 OPEB actuarial report. As part of the April 30, 2008 actuarial valuation, it was determined that amounts charged to retirees in the aggregate were in excess of the cost of the implicit rate subsidy, as determined by the actuarial methods described under Actuarial Methods and Assumptions. The April 30, 2006 OPEB actuarial report has been revised to be consistent with the April 30, 2008 report. Accordingly, the Police Department had neither an OPEB obligation per the revised 2006 report or 2008 actuarial report nor OPEB cost nor net OPEB obligations to the Police Department as of April 30, 2009.

For additional information regarding the Kansas City, Missouri OPEB, please refer to the City's 2009 Comprehensive Annual Financial Information Report.

Source: Note Disclosures and Required Supplementary Information Section of the City of Kansas City, Missouri Comprehensive Annual Financial Report for Fiscal Year ended April 30, 2009.

DEBT INFORMATION

Prepared by Treasury Division Staff

Debt Structure of the City

General Obligation Bonds. The City is authorized to issue general obligation bonds payable from ad valorem taxes to finance capital improvements upon a four-sevenths (4/7) majority vote of qualified voters at the general municipal election day, primary or general elections and a two-thirds (2/3) majority vote at all other elections. At the general election on April 6, 2004, voters authorized the issuance of \$300,000,000 in General Obligation Bonds. Of that amount, voters approved: 1) \$250,000,000 for the purpose of paying for deferred maintenance and basic capital infrastructure such as streets, bridges, catch basins and other capital projects, 2) \$30,000,000 for the purpose of paying for deferred maintenance and capital infrastructure and improvements for the Kansas City Zoological Garden, and 3) \$20,000,000 for the purpose of paying for capital improvements for the World War I Museum Project at Liberty Memorial Museum Project, which includes the construction, acquisition, renovation, equipping, furnishing and other costs for the museum, exhibits, library and educational facilities.

Neighborhood Improvement District Bonds. The City may also issue certain neighborhood improvement district (“NID”) bonds without a vote and these bonds are payable as to both principal and interest from special assessments against real property benefitted by the acquisition and construction of improvement and, if not so paid, from current income and revenues and surplus funds of the City. The City indebtedness of NID bonds shall be treated equally as general obligation indebtedness, except that the City is not authorized to impose any new or increased ad valorem property tax to pay principal and interest on the NID bonds without voter approval.

As of April 30, 2009 (fiscal year end), the City had an outstanding total aggregate principal amount of \$294,100,000 of general obligation bonds, which includes the outstanding balance of \$505,000 Neighborhood Improvement District Bonds.

After April 30, 2009, the following General Obligation Bonds were issued:

Issue Date	Bond	Par Amount
March 16, 2010	General Obligation Improvement, Refunding Bonds, Series 2010A	\$33,205,000
	Taxable General Obligation Improvement Bonds (Public Safety), Series 2010B	\$10,195,000

The remaining general obligation voted authority is \$71,800,000. The net present value savings realized by refunding the old bonds is \$518,000.

Revenue Bonds, Notes and Loans. Other than refunding bonds, the City’s general obligation and revenue bonds require a vote of the electorate. All revenue bonds issued by the City are payable out of the revenues derived from the operation of the facility that is financed from the proceeds of such bonds. Revenue bonds do not carry the full faith and credit of the City in servicing the bonded indebtedness and such bonds are not considered in determining the legal debt margin.

As of April 30, 2009, the City had an outstanding total of \$834,959,761 aggregate principal amount of revenue bonds which includes \$244,599,261 in water revenue bonds and lease purchase agreements, \$233,705,000 in sewer revenue bonds, \$238,375,000 in airport revenue bonds and \$112,965,000 in airport passenger facility charge revenue bonds. To match funds from grants for storm water projects, the City entered into loans with the Missouri Department of Natural Resources (“MDNR”). As of April 30, 2009, the City had an outstanding balance of \$5,315,500 aggregate principal amount of MDNR storm loans.

As of April 30, 2009, the City had remaining voted authority for \$240,416,000 in airport revenue bonds, \$156,090,000 in water revenue bonds, \$140,520,000 in sewer bonds and \$5,000,000 in museum revenue bonds.

After April 30, 2009, the following Lease Purchase Agreements were issued:

Issue Date	Lease	Par Amount
December 31, 2009	AMR Refinancing	\$10,161,056*
	AMR New Financing	\$24,845,896

*This lease refinanced the original May 2007 AMR Lease which is included in the above-referenced balance.

After April 30, 2009, the following Sanitary Sewer Bonds were issued:

Issue Date	Bond	Par Amount
December 18, 2009	Sewerage System Revenue (State of Missouri-Direct Loan Program-ARRA) Series 2009B	\$16,000,000

The remaining Sewer Revenue Bonds voted authority is \$124,520,000.

Lease Revenue Bonds and Equipment Leases. The City may enter into financing arrangements for building projects through lease-leaseback purchase agreements with not-for-profit corporations or bond issuing authorities, which may issue tax-exempt bonds without voter approval to finance City projects. The City has financed several projects through the Kansas City Municipal Assistance Corporation ("KCMAC"). The City makes annual lease payments under these lease arrangements in an amount required to pay debt service on the bonds. The City's obligations under these leases are subject to annual appropriation and must be budgeted each year and do not constitute an indebtedness of the City beyond the current lease term. As of April 30, 2009, the City had capital leases pursuant to such arrangements outstanding at total aggregate principal of \$286,985,927.

From time to time, the City enters into lease purchase agreements for real property and equipment, such as the purchase of land, buildings, communications equipment, vehicles, and computer hardware. As of April 30, 2009, the City had an outstanding aggregate principal total of \$40,414,051 of such equipment leases.

After April 30, 2009, the following Lease Purchase Agreements were issued:

Issue Date	Lease	Par Amount
December 31, 2009	Fuel Management System	\$ 1,050,000
	KIVA Upgrade Project	\$ 406,762
	Fleet Vehicles Project	\$ 5,280,362

Limited Obligation Notes and Bonds. As of April 30, 2009, the City had outstanding a total of \$879,007,500 aggregate principal in limited obligation bonds and notes that do not constitute an indebtedness of the City. The City has agreed, subject to annual appropriation, to pay any debt service on three separate bond series issued by the Planned Industrial Expansion Authority of Kansas City to finance improvements of the City Market, Kemper Arena and 300 Wyandotte Parking Garages. These series have an outstanding total aggregate principal balance of \$27,870,000.

As of April 30, 2009, notes and bonds issued by the Missouri Development Finance Board ("MDFB") and secured by an annual appropriation pledge of the City were outstanding at a total of \$2,582,500 aggregate principal. The MDFB notes and bonds include the following: \$382,500 principal outstanding for the MDFB Loan issued in 1996 to finance the Harley-Davidson Project and \$2,200,000 principal outstanding for the Series 1998 Taxable Infrastructure Facilities Revenue Bonds to finance the Valentine Shopping Center Redevelopment Project.

As of April 30, 2009, lease revenue bonds issued by the Land Clearance for Redevelopment Authority ("LCRA") were outstanding at a total of \$30,665,000 in aggregate principal amount which includes the following: \$3,850,000 principal outstanding for the Series 1996A Bonds for financing the renovations of the Metropolitan Ambulance Services Trust Facility; \$26,815,000 principal outstanding for the Series 2005E Bonds for refinancing the Series 1995A Municipal Auditorium and Muehlebach Hotel Redevelopment Projects and providing new monies for the Auditorium Plaza Garage. The LCRA bonds are secured by an annual appropriation pledge of the City.

The City currently has eight (8) series of leasehold revenue bonds under the Industrial Development Authority of Kansas City, Missouri (“IDA”). The total bonds outstanding as of April 30, 2009, are \$356,910,000; this includes the Series 2001 Bonds issued to finance the Century Towers Redevelopment Project, which has an outstanding balance of \$16,055,000. In addition, the Series 2005A & B and 2006A & B issued to help finance the City’s Downtown Redevelopment District have outstanding balances of \$179,900,000 and 115,635,000 respectively as of April 30, 2009. The Civic Mall Project’s balance is \$4,575,000 and the Midtown and Uptown Redevelopment have a balance of \$40,745,000. All of the IDA’s bonds have an annual appropriation pledge of the City.

The Tax Increment Financing Commission of Kansas City, Missouri (“TIFC”) has issued bonds on behalf of the City. As of April 30, 2009, Blue Parkway Town Center Retail Project has a outstanding balance of \$15,330,000.

As of April 30, 2009, the Special Obligation Bonds issued by the City have an outstanding balance of \$415,770,000. This includes the \$27,595,000 outstanding balance of the Series 2008A, which is comprised of the following projects: \$5,570,000 for the Refunding KCMAC Hodge Park Series 1998A, \$2,090,000 for the Swope Ridge Geriatric Center, \$2,910,000 for the Second Street Streetscape Project, \$13,900,000 for the Tow Lot Project and \$3,125,000 for the Columbus Park Project. The aforementioned balance also includes the East Village Project, Series 2008B with a balance of \$29,310,000 as of April 30, 2009, the Arena 2008C & D with a balance of \$203,525,000 and \$15,940,000, as of April 30, 2009, the Bartle Hall Bonds, Series 2008E and F with balances of \$81,400,000 and \$20,865,000, respectively, the 909 Walnut Bonds, Series 2009A with a balance of \$7,490,000, the President Hotel Bonds, Series 2009B with a balance of \$17,400,000, Chouteau I-35 Bonds, Series 2009C with a balance of \$6,485,000 and Chouteau I-35 Bonds, Series 2009D with a balance of \$5,760,000. The Special Obligation Bonds are secured by an annual appropriation of the City.

On August 1, 2005, the City issued special facility revenue bonds to fund the Kansas City International Airport Overhaul Base project. The bonds were issued under the August 2000 airport revenue bonds authorization. The bonds are special limited obligations of the City from certain lease revenues, sales tax revenues and the Extension and Bond Retirement Account of the Airport Fund. Subject to annual appropriation, the bonds are also payable from the other funds of the City. As of April 30, 2009, the outstanding balance is \$29,880,000.

After April 30, 2009, the following Kansas City, Missouri Special Obligation bonds were issued:

Issue Date	Bond Name	Par Amount
July 9, 2009	Special Obligation Series 2009E (Performing Arts Center Garage)	\$53,236,703.55
March 13, 2010	Special Obligation 2010A (East Village Project)	\$5,615,000
	Special Obligation 2010B (Refunding Bonds)	\$19,880,000
	Special Obligation 2010C (Taxable Refunding Bonds)	\$12,360,000

The refunding bonds resulted in a net present value savings of \$1.77 million

Missouri Transportation Finance Corporation (“MTFC”) Loans. The City entered into a direct loan agreement with MTFC for \$10,000,000. Loan proceeds will be used for the construction of a new Paseo Bridge. MTFC will disburse the funds to the City in five (5) annual installments. As of April 30, 2009, the City has received \$4 million with a balance of \$3,827,630.

Tax and Revenue Anticipation Notes. At the present time the City has no tax and revenue anticipation notes outstanding and has no plans to issue such notes in the immediate future.

Debt Service Requirements

The following debt service tables show the principal and interest requirements for each respective fiscal year for City's outstanding debt as of April 15, 2010.

PRINCIPAL AND INTEREST REQUIREMENTS ON OUTSTANDING OBLIGATIONS AS OF APRIL 15, 2010

Fiscal Year	Outstanding Long-Term General Obligation Bonds			% of Principal Retired
	Principal	Interest	Total ⁽¹⁾	
2010	17,010,000	14,357,976	31,367,976	
2011	14,680,000	14,464,136	29,144,136	
2012	14,400,000	14,208,238	28,608,238	
2013	17,135,000	13,545,570	30,680,570	
2014	18,470,000	12,744,920	31,214,920	25.00%
2015	19,655,000	11,852,668	31,507,668	
2016	20,950,000	10,948,233	31,898,233	
2017	22,125,000	9,970,755	32,095,755	
2018	15,030,000	8,924,465	23,954,465	
2019	16,135,000	8,237,088	24,372,088	53.73%
2020	17,320,000	7,446,948	24,766,948	
2021	18,565,000	6,639,330	25,204,330	
2022	19,870,000	5,751,620	25,621,620	
2023	20,310,000	4,767,675	25,077,675	
2024	19,420,000	3,753,573	23,173,573	82.95%
2025	16,675,000	2,776,168	19,451,168	
2026	14,670,000	1,952,250	16,622,250	
2027	15,415,000	1,218,750	16,633,750	
2028	8,960,000	448,000	9,408,000	100.00%
	<u>326,795,000</u>	<u>\$ 154,008,360</u>	<u>\$ 480,803,360</u>	

- (1) Interest payments are shown on gross basis; no deduction has been made for expected interest subsidy payments for Series 2010 B Bonds.

* Note: Debt service in the above table represents amount due for the whole Fiscal Year. Debt service includes G. O. Series 2010 A and 2010B sold on 3/16/10.

Fiscal Year	Outstanding Long-Term Debt PFC and Airport Revenue Bonds			% of Principal Retired
	Principal	Interest	Total	
2010	18,940,000	16,918,686	35,858,686	
2011	18,645,000	15,961,764	34,606,764	
2012	19,555,000	15,007,140	34,562,140	
2013	20,245,000	14,044,864	34,289,864	
2014	25,270,000	12,949,358	38,219,358	29.22%
2015	26,455,000	11,715,435	38,170,435	
2016	27,410,000	10,395,831	37,805,831	
2017	28,710,000	8,983,455	37,693,455	
2018	30,095,000	7,506,955	37,601,955	
2019	24,545,000	6,182,153	30,727,153	68.27%
2020	16,215,000	5,219,858	21,434,858	
2021	17,025,000	4,407,041	21,432,041	
2022	12,135,000	3,700,643	15,835,643	
2023	12,740,000	3,107,538	15,847,538	
2024	13,380,000	2,482,508	15,862,508	88.62%
2025	14,045,000	1,823,625	15,868,625	
2026	14,755,000	1,130,630	15,885,630	
2027	5,455,000	401,256	5,856,256	
2028	5,720,000	135,850	5,855,850	100.00%
	<u>\$ 351,340,000</u>	<u>\$ 142,074,588</u>	<u>\$ 493,414,588</u>	

This debt service schedule does not include the Special Facility Airport Revenue Bonds Series 2005G. They are included under the table, "Outstanding Long-Term Debt Other Limited Obligations Notes and Bonds" on page C-30.

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt Water Revenue Bonds and Lease Purchase Agreements			% of Principal Retired
	Principal	Interest	Total	
2010	12,058,589	8,724,908	20,783,497	
2011	16,539,099	11,256,530	27,795,629	
2012	17,384,536	10,590,416	27,974,952	
2013	16,435,341	9,902,181	26,337,522	
2014	16,956,293	9,348,103	26,304,396	29.46%
2015	17,732,596	8,663,596	26,396,191	
2016	15,649,461	7,970,196	23,619,657	
2017	16,307,109	7,278,402	23,585,511	
2018	15,713,960	6,564,939	22,278,899	
2019	14,916,357	5,868,791	20,785,147	59.27%
2020	14,006,818	5,180,493	19,187,310	
2021	12,540,000	4,606,632	17,146,632	
2022	11,220,000	3,986,279	15,206,279	
2023	11,655,000	3,523,982	15,178,982	
2024	10,965,000	2,948,508	13,913,508	81.68%
2025	9,320,000	2,414,749	11,734,749	
2026	5,850,000	1,983,497	7,833,497	
2027	6,120,000	1,707,832	7,827,832	
2028	6,500,000	1,419,440	7,919,440	
2029	3,900,000	1,113,188	5,013,188	93.44%
2030	4,085,000	927,938	5,012,938	
2031	4,300,000	713,475	5,013,475	
2032	4,525,000	487,725	5,012,725	
2033	4,765,000	250,163	5,015,163	
	<u>\$ 269,445,158</u>	<u>\$ 117,431,961</u>	<u>\$ 386,877,119</u>	100.00%

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt Sanitary Sewer Revenue Bonds			% of Principal Retired
	Principal	Interest	Total ⁽¹⁾	
2010	11,155,000	10,257,013	21,412,013	
2011	13,679,400	10,689,154	24,368,554	
2012	14,489,900	10,267,041	24,756,941	
2013	14,235,000	9,639,773	23,874,773	
2014	14,710,500	8,977,143	23,687,643	27.34%
2015	15,111,200	8,284,774	23,395,974	
2016	14,152,300	7,558,093	21,710,393	
2017	12,633,800	6,883,447	19,517,247	
2018	11,665,700	6,297,566	17,963,266	
2019	12,093,000	5,780,698	17,873,698	53.63%
2020	11,805,600	5,238,585	17,044,185	
2021	11,778,600	4,699,629	16,478,229	
2022	10,667,100	4,198,305	14,865,405	
2023	10,096,000	3,722,356	13,818,356	
2024	8,745,300	3,317,087	12,062,387	74.90%
2025	7,660,000	2,926,040	10,586,040	
2026	6,135,100	2,573,245	8,708,345	
2027	6,395,800	2,294,024	8,689,824	
2028	6,676,800	2,012,892	8,689,692	
2029	6,973,400	1,718,816	8,692,216	88.45%
2030	7,055,500	1,411,036	8,466,536	
2031	6,355,000	1,099,219	7,454,219	
2032	6,670,000	787,456	7,457,456	
2033	4,270,000	460,163	4,730,163	
2034	4,495,000	235,988	4,730,988	100.00%
	<u>\$ 249,705,000</u>	<u>\$ 121,329,542</u>	<u>\$ 371,034,542</u>	

- (1) The City participated in the State of Missouri Direct Loan Program and purchased its \$16,000,000 Sewage System State Revolving Fund ("SRF") Bonds. The outstanding principal is based on the City's total reimbursement draws. The numbers above assume the City will draw all of the \$16 million. The interest column includes the Department of Natural Resources administrative fee on the loan. Previously issued SRF Bonds reflect gross interest costs.

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt Storm Water Loan			% of Principal Retired
	Principal	Interest	Total	
2010	365,900	84,717	450,617	
2011	370,900	78,847	449,747	
2012	378,000	72,889	450,889	
2013	383,100	66,825	449,925	
2014	389,200	60,678	449,878	35.50%
2015	396,300	54,426	450,726	
2016	402,500	48,068	450,568	
2017	408,600	41,609	450,209	
2018	415,800	35,045	450,845	
2019	422,000	28,373	450,373	73.98%
2020	428,200	21,601	449,801	
2021	434,600	14,722	449,322	
2022	353,000	7,749	360,749	
2023	27,000	2,155	29,155	
2024	28,000	1,770	29,770	97.89%
2025	28,000	1,378	29,378	
2026	29,000	979	29,979	
2027	29,000	573	29,573	
2028	26,400	185	26,585	100.00%
	<u>\$ 5,315,500</u>	<u>\$ 622,585</u>	<u>\$ 5,938,085</u>	

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt MTFC Loan			% of Principal Retired
	Principal	Interest	Total	
2010	359,725	160,761	520,486	
2011	590,348	229,652	820,000	
2012	866,829	288,857	1,155,686	
2013	1,203,247	336,451	1,539,698	
2014	1,253,783	285,914	1,539,698	43.49%
2015	1,306,442	233,255	1,539,698	
2016	1,361,313	178,385	1,539,698	
2017	1,418,488	121,210	1,539,698	
2018	1,467,455	61,633	1,529,089	100.00%
	<u>\$ 9,827,631</u>	<u>\$ 1,896,118</u>	<u>\$ 11,723,749</u>	

(1) The Missouri Transportation Finance Commission will disburse the funds to the City in five installment payments of \$2,000,000 each. As of October 27, 2009, the City has received three (3) of the five (5) installment payments. The above table assumes all of the \$10 million will be received by the City.

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Outstanding Long-Term Debt
KCMAC Leasehold Revenue Bonds

Fiscal Year	Principal	Interest ⁽¹⁾	Total	% of Principal Retired
2010	23,239,886	15,261,968	38,501,854	
2011	14,025,000	8,479,579	22,504,579	
2012	15,805,000	7,865,861	23,670,861	
2013	13,285,000	7,105,201	20,390,201	
2014	14,190,000	6,491,989	20,681,989	30.10%
2015	15,125,000	5,833,014	20,958,014	
2016	17,965,000	5,126,576	23,091,576	
2017	15,365,000	4,277,151	19,642,151	
2018	15,665,000	3,534,533	19,199,533	
2019	23,120,000	2,776,783	25,896,783	62.70%
2020	19,555,000	1,644,738	21,199,738	
2021	11,038,183	9,079,761	20,117,944	
2022	11,043,451	9,718,137	20,761,588	
2023	10,749,498	10,390,259	21,139,756	
2024	7,209,817	9,643,627	16,853,444	84.97%
2025	1,080,000	95,119	1,175,119	
2026	7,708,309	13,305,910	21,014,219	
2027	6,421,104	14,218,896	20,640,000	
2028	6,326,780	15,143,220	21,470,000	
2029	6,233,252	16,101,748	22,335,000	95.34%
2030	6,105,467	17,114,533	23,220,000	
2031	6,010,211	18,139,790	24,150,000	
2032	349,971	1,140,029	1,490,000	100.00%
	<u>\$ 267,615,927</u>	<u>\$ 202,488,420</u>	<u>\$ 470,104,347</u>	

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.
The KCMAC 1999A & 2001B-1 Bonds were refunded.

Fiscal Year	Outstanding Long-Term Debt			Principal Retired
	Lease Purchase Agreements			
	Principal	Interest	Total	
2010	11,011,783	1,498,189	12,509,972	89.79%
2011	9,579,380	1,235,613	10,814,994	
2012	8,746,988	866,084	9,613,071	
2013	7,354,942	556,577	7,911,519	
2014	5,645,049	285,419	5,930,467	
2015	2,852,436	124,705	2,977,141	
2016	1,291,785	44,513	1,336,298	
2017	668,812	8,429	677,241	
	<u>\$ 47,151,175</u>	<u>\$ 4,619,529</u>	<u>\$ 51,770,704</u>	100.00%

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Outstanding Long-Term Debt
Other Limited Obligation Notes and Bonds

Year	Interest ⁽¹⁾		Special Obligation 2010A		Special Obligation 2010B		Special Obligation 2010C		Total	% of Principal Retired
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2010	17,962,500	41,648,000							59,610,500	
2011	19,499,998	42,582,599	180,000	226,991		482,722	205,000	471,988	63,649,300	
2012	21,506,075	41,908,313	175,000	231,219	1,740,000	712,213	1,450,000	505,805	68,228,625	
2013	24,252,591	41,253,644	180,000	227,719	1,830,000	642,613	1,480,000	474,050	70,340,616	
2014	23,553,801	39,912,044	185,000	222,319	1,910,000	587,713	1,535,000	428,244	68,334,120	12.15%
2015	25,196,378	38,820,065	190,000	216,769	1,970,000	530,413	3,095,000	369,730	70,388,354	
2016	26,780,823	37,652,108	195,000	211,069	2,060,000	471,313	295,000	244,011	67,909,323	
2017	26,920,271	36,393,488	205,000	205,219	1,500,000	409,513	785,000	230,721	66,649,211	
2018	33,813,928	38,278,559	210,000	198,044	1,560,000	357,013	735,000	192,609	75,345,152	
2019	35,217,563	37,238,111	215,000	190,169	2,420,000	298,513	2,780,000	153,206	78,512,562	29.31%
2020	45,174,139	36,447,703	225,000	181,569	1,395,000	201,713			83,625,123	
2021	35,404,551	34,640,874	235,000	172,288	3,495,000	144,169			74,091,881	
2022	38,834,689	33,345,845	245,000	162,594					72,588,128	
2023	32,459,904	32,419,790	255,000	152,181					65,286,876	
2024	35,676,327	31,226,357	265,000	141,025					67,308,708	49.32%
2025	52,581,639	29,870,462	280,000	129,100					82,861,201	
2026	35,314,427	27,592,017	290,000	116,500					63,312,944	
2027	37,341,846	26,187,857	305,000	103,088					63,937,790	
2028	40,754,084	24,671,633	320,000	88,600					65,834,317	
2029	38,149,425	26,987,824	335,000	73,000					65,545,248	70.56%
2030	36,480,000	14,333,349	350,000	56,250					51,219,599	
2031	36,245,000	12,533,064	775,000	38,750					49,591,814	
2032	45,955,000	10,805,454							56,760,454	
2033	46,350,000	8,516,943							54,866,943	
2034	39,850,000	6,265,291							46,115,291	91.84%
2035	11,300,000	4,252,273							15,552,273	
2036	12,045,000	3,649,479							15,694,479	
2037	12,830,000	3,006,746							15,836,746	
2038	13,515,000	2,321,753							15,836,753	
2039	14,240,000	1,599,489							15,839,489	98.45%
2040	15,020,000	821,445							15,841,445	
	930,224,958	767,182,579	\$ 5,615,000	3,344,460	\$ 19,880,000	\$ 4,837,903	\$ 12,360,000	\$ 3,070,363	\$ 1,746,515,263	100.00%

(1) The “Interest Column” includes nine (9) variable rate demand (VRDO) tax-exempt and taxable bonds. Future interest rates on these bonds were base on an all-in estimate interest rate of 4.5% to 5.5% and 4.75% to 4.98% for tax-exempt and taxable VRDO bonds, respectively. The rates include LOC, remarketing, surveillance and other fees. Rate assumptions are for illustration purposes and actual rates will vary.

(2) The Special Facility Airport Revenue Bonds, Series 2005G, which has an annual appropriation of the City, is included in the above total.

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Authority

The following table summarizes the City's total bond authority as of April 1, 2010:

AUTHORIZED UNISSUED DEBT *(Amounts Expressed in Thousands)*

Type/Purpose	Date	Authorized		Total Unissued
		Amount	Amount Issued	
<u>General Obligation Bonds:</u>				
Deferred Maintenance and Capital Infrastructure	April 6, 2004	\$250,000	\$182,700	\$67,300
KC Zoological Garden	April 6, 2004	30,000	25,500	4,500
Liberty Memorial Museum	April 6, 2004	20,000	20,000	0
Subtotal		\$300,000	\$228,200	\$71,800
<u>Revenue Bonds:</u>				
Kansas City Museum	Mar. 8, 1988	5,000	0	5,000
Airport	Aug. 8, 2000	395,000	154,584	240,416
Water System	Aug. 6, 1996	150,000	150,000	0
Water System	Aug. 2, 2005	250,000	93,910	156,090
Sewer	Aug.2, 2005	250,000	125,480	124,520
Subtotal		\$1,050,000	\$523,974	\$526,026
TOTAL		\$1,350,000	\$752,174	\$597,826

Source: Treasury Division, Finance Department, City of Kansas City, Missouri.

History of Indebtedness

The following tables set forth the general bonded debt information pertaining to the City as of the end of the last ten fiscal years.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING (Amounts Expressed In Thousands)

Fiscal Year	General Obligation Bonds ⁽¹⁾	Other Bonds and Leases ⁽²⁾	Total	Percentage of Actual Taxable Value⁽¹⁾ of Property	Per Capita
2000	114,395	462,378	576,773	2.93%	1,305
2001	164,365	425,509	589,874	2.88%	1,326
2002	164,150	476,164	640,314	2.93%	1,428
2003	153,990	481,388	635,378	2.94%	1,404
2004	161,955	498,020	659,975	2.83%	1,442
2005	242,020	1,048,257	1,290,277	5.33%	2,789
2006	228,130	1,110,637	1,338,767	4.97%	2,857
2007	289,725	1,235,918	1,525,643	5.51%	3,206
2008	311,325	1,248,317	1,559,642	5.13%	3,248
2009	294,100	1,210,235	1,504,335	4.86%	3,105

(1) In Fiscal Year 1999 to 2000, Notes to General Purpose Financial Statements included the outstanding balance of the General Obligation Bonds, Series 1998 crossover refunding bonds and the amount it refunded. The outstanding principal balance above only includes the balance of Series 1998.

Only the general obligation bonds of the City are payable as to both principal and interest from ad valorem taxes.

(2) Includes KCMAC leasehold revenue bonds, lease purchase agreements and other limited obligations. It also includes actual outstanding balances of bonds that were considered as "contingent liabilities" in the City of Kansas City, Missouri's CAFR for Fiscal Year 2009. It does include the Special Facility Airport Revenue Bonds, Series 2005G. The series 2005G was classified under business type activities in the CAFR. It does not include the DNR Loan for the Water Services Department.

Due to footnote (1) and (2), the numbers on this table do not match the numbers on Table 12 of the statistical section of the 2009 Comprehensive Annual Financial Report.

Note: The Debt per Capita may change from time to time due to periodic review of the population estimates by the U.S. Census Bureau.

Source: Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Report for Fiscal Year 2009.

Direct and Overlapping Indebtedness

Other governmental entities whose boundaries overlap the City have outstanding bonds payable from ad valorem taxes. The following statements of direct and estimated overlapping ad valorem and other net direct debt were compiled from a survey of the various taxing districts.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

	April 30, 2009		
	General obligation and other net direct debt	Percentage applicable to this municipality⁽¹⁾	Municipality's share of debt
Direct debt:			
City of Kansas City	\$ <u>1,504,335,000</u> ⁽²⁾	100.0%	\$ <u>1,504,335,000</u>
Overlapping debt:			
Clay County	\$ 18,251,384	47.2%	8,614,700
Jackson County	578,988,160	45.6%	264,018,600
Platte County	65,892,158	51.9%	34,198,000
Metropolitan Junior College District	99,691,040	55.2%	55,029,500
Platte County School Districts:			
A. Park Hill Reorganized No. 5	76,765,854	43.0%	33,009,300
B. Platte County Reorganized No. 3	69,853,813	40.0%	27,941,500
Clay County School Districts:			
C. Smithville No. 27	23,345,000	3.4%	793,700
D. North Kansas City No. 74	245,355,000	69.4%	170,276,400
E. Liberty No. 53	167,934,277	10.0%	16,793,400
Jackson County School Districts:			
F. Kansas City No. 33	57,240,000	93.0%	53,233,200
G. Raytown No. 2	94,280,000	45.0%	42,426,000
H. Independence No. 30	97,951,763	2.2%	2,154,900
I. Lee's Summit Reorganized No. 7	251,870,694	1.0%	2,518,700
J. Center No. 58	35,920,000	100.0%	35,920,000
K. Hickman Mills Consolidated No. 1	43,273,000	87.1%	37,690,800
L. Grandview Consolidated No. 4	46,048,394	49.1%	22,609,800
Total overlapping debt	\$ <u>1,972,660,537</u>		<u>807,228,500</u>
Total direct and overlapping debt			\$ <u>2,311,563,500</u>

(1) The percentage is derived by dividing the total assessed valuation of the taxing jurisdiction within Kansas City by the total assessed valuation of the taxing jurisdiction.

(2) This amount includes \$294,100,000 of general obligation bonds payable and \$1,210,235,000 of leasehold revenue bonds, lease purchase agreements, and limited obligation notes and bonds.

Note: The total debt outstanding number includes actual balances of bonds that were considered as contingent liability in the City of Kansas City, Missouri's CAFR for Fiscal year 2009. It does include the Special Facility Airport Revenue Bonds, Series 2005G, which was classified under business type in the 2009 CAFR. Due to this, City's total direct debt does not match with the total direct and overlapping debt numbers in Table 13 of the 2009 CAFR.

LEGAL DEBT MARGIN OBLIGATION

LAST TEN FISCAL YEARS

	Fiscal year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assessed valuation for City, county, and state purposes	\$ 5,053,483,000	5,185,768,000	5,495,416,000	5,377,533,000	5,668,137,000	5,917,911,512	6,454,419,000	6,624,214,000	7,283,914,645	7,387,564,000
Constitutional debt limit (1) (2)	1,010,696,600	1,037,154,000	1,099,083,200	1,075,506,600	1,133,627,400	1,183,582,302	1,290,883,800	1,324,842,800	1,456,782,929	1,477,512,800
General obligation bonds payable (3)	115,220,000	164,710,000	164,495,000	154,335,000	161,955,000	242,020,000	228,130,000	289,725,000	311,325,000	294,100,000
Less debt service fund balances										
available for retirement of bonds (4)	13,246,000	17,179,000	14,645,000	13,057,000	10,197,000	11,534,339	10,939,752	15,899,741	13,886,969	4,853,175
Total amount of bonds payable applicable to debt limit	101,974,000	147,531,000	149,850,000	141,278,000	151,758,000	230,485,661	217,190,248	273,825,259	297,438,031	289,246,825
Margin above bonds payable	908,722,600	889,623,000	949,233,200	934,228,600	981,869,400	953,096,641	1,073,693,552	1,051,017,541	1,159,344,898	1,188,265,975
General obligation bonds authorized – unissued	83,585,000	11,405,000	700,000	35,700,000	315,700,000	220,000,000	220,000,000	144,915,000	104,915,000	104,915,000
Legal debt margin	\$ 825,137,600	878,218,000	948,533,200	898,528,600	666,169,400	733,096,641	853,693,552	906,102,541	1,054,429,898	1,083,350,975

- (1) Section 26(b) and (c) of the state constitution permits the City, by a vote of the qualified electors, to incur an indebtedness for City purposes not to exceed 10% of assessed valuation.
- (2) Section 26(d) and (e) of the state constitution provides that any City may become indebted not exceeding in the aggregate an additional 10% for the purposes of acquiring the right-of-way constructing, extending, and improving streets and avenues and/or waterworks, electric, or light plants, provided the total general obligation indebtedness does not exceed 20% of assessed valuation.
- (3) The total general obligation bonds in FY 2009 include \$2,035,000 general obligation bonds for sanitary sewers, \$56,350,000 general obligation bonds for streetlight projects, \$235,210,000 general obligation bonds for capital improvements and \$505,000 for neighborhood improvement district projects.
- (4) Fund balance of general debt, interest, and streetlight debt excluding encumbrances.

Source: Statistical Section of the Kansas City, Missouri Comprehensive Annual Financial Report for Fiscal Year 2009.

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APPENDIX D

FORM OF CO-BOND COUNSEL OPINION

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**KUTAK ROCK LLP
1010 GRAND, SUITE 500
KANSAS CITY, MISSOURI 64106**

**HARDWICK LAW FIRM LLC
1125 GRAND, SUITE 1200
KANSAS CITY, MISSOURI 64016**

[Closing Date]

City of Kansas City, Missouri
Kansas City, Missouri

RBC Capital Markets Corporation
Dallas, Texas

The Bank of New York Mellon Trust Company,
N.A., as Series 2010A Bonds Trustee
St. Louis, Missouri

First Bank of Missouri, as Series 2010B Bonds and
Series 2010C Bonds Trustee
Gladstone, Missouri

Re: \$5,615,000 Special Obligation Bonds (East Village Project) Series 2010A (the “Series 2010A Bonds”), \$19,880,000 Special Obligation Refunding Bonds (Kansas City, Missouri Projects) Series 2010B (the “Series 2010B Bonds”) and \$12,360,000 Taxable Special Obligation Refunding Bonds (Kansas City, Missouri Projects) Series 2010C (the “Series 2010C Bonds” and with the Series 2010A Bonds and Series 2010B Bonds, the “Bonds”) of the City of Kansas City, Missouri

We have acted as Co-Bond Counsel in connection with the issuance by the City of Kansas City, Missouri (the “Issuer”), of the above-referenced Bonds. The Series 2010A Bonds have been authorized and issued under and pursuant to City Charter of the Issuer and the First Supplemental Trust Indenture dated as of April 1, 2010 (the “East Village Supplemental Indenture”), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as successor trustee, supplementing the Trust Indenture dated as of April 1, 2008 (the “East Village Original Indenture” and with the East Village Supplemental Indenture, the “East Village Indenture”). The Series 2010B Bonds have been authorized and issued under and pursuant to City Charter of the Issuer and the Trust Indenture dated as of April 1, 2010 (the “Series 2010B Indenture”) by and between the City and First Bank of Missouri, as trustee. The Series 2010C Bonds have been authorized and issued under and pursuant to City Charter of the Issuer and the Trust Indenture dated as of April 1, 2010 (the “Series 2010C Indenture,” and with the East Village Supplemental Indenture and the Series 2010B Indenture, the “Indentures”) by and between the City and First Bank of Missouri, as trustee. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Indentures.

The proceeds of the Series 2010A Bonds will be used to provide funds to pay additional costs of the East Village Project, as defined in the East Village Indenture. The proceeds of the Series 2010B Bonds will be used to provide funds to refund the outstanding Land Clearance for Redevelopment Authority of Kansas City, Missouri Leasehold Revenue Bonds (Metropolitan Ambulance Services Trust Facility Project) Series 1996A, Kansas City Municipal Assistance Corporation Leasehold Improvement Revenue Bonds (City of Kansas City, Missouri, Lessee) Series 1999A and Kansas City Municipal Assistance Corporation Leasehold Improvement Revenue Bonds (City of Kansas City, Missouri, Lessee) Series 2001B-1. The proceeds of the Series 2010C Bonds will be used to provide funds to refund the outstanding The Planned Industrial Expansion Authority of Kansas City, Missouri Taxable Lease Revenue Refunding Bonds, Series 1998 (City Market Project) and Missouri Development Finance Board Taxable Infrastructure Facilities Revenue Bonds (Kansas City, Missouri – Valentine Shopping Center

Redevelopment Project) Series 1998, and to reimburse the City for its cash funding of the debt service reserve requirement relating to the Land Clearance for Redevelopment Authority of Kansas City, Missouri \$33,130,000 Improvement and Refunding Revenue Bonds (Municipal Auditorium Garage Improvements and Muehlebach Hotel Refunding Projects) Series 2005E.

Reference is made to an opinion of even date herewith of the City Attorney, with respect to, among other matters, (a) the power of the Issuer to enter into and perform its obligations under the Indentures, the Tax Compliance Agreements relating to the Series 2010A Bonds and Series 2010B Bonds, the First Supplemental Cooperative Agreement relating to the Series 2010A Bonds, the Financing Agreement relating to the Valentine Project refinanced with proceeds of the Series 2010C Bonds, and the First Amendment to Amended and Restated City Market Site Lease (“First Amendment to City Market Site Lease”) and First Supplemental Cooperation Agreement relating to the City Market Project refinanced with proceeds of the Series 2010C Bonds and (b) the due authorization, execution and delivery of the Indentures, the Tax Compliance Agreements, the First Supplemental Cooperative Agreement, the Financing Agreement, the First Amendment to City Market Site Lease and the First Supplemental Cooperation Agreement by the Issuer and the binding effect and enforceability thereof against the Issuer.

In our capacity as Co-Bond Counsel, we have examined such certified proceedings and other documents as we deem necessary to render this opinion, including a certified transcript of the proceedings relating to the authorization and issuance of the Bonds, which transcript includes, among other documents and proceedings, the Indentures, the Tax Compliance Agreements, the First Supplemental Cooperative Agreement, the Financing Agreement, the First Amendment to City Market Site Lease, the First Supplemental Cooperation Agreement and related proceedings, documents and certificates, and also a specimen Bond of each issue so authorized. As to questions of fact material to our opinion we have relied upon representations contained in the Indentures, the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have also examined the Constitution and statutes of the State of Missouri, insofar as the same relate to the authorization and issuance of the Bonds and the authorization, execution and delivery of the Indentures.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a constitutional charter city duly and legally organized and validly existing under the laws of the State of Missouri and has lawful power and authority to issue the Bonds and to enter into the Indentures and to perform its obligations thereunder.
2. The Bonds are in proper form and have been duly authorized and issued in accordance with the Constitution and statutes of the State of Missouri.
3. The Bonds are valid and legally binding limited obligations of the Issuer according to the terms thereof, payable as to principal, redemption premium, if any, and interest solely from, and secured by a valid and enforceable pledge and assignment of the Trust Estate, all in the manner provided in the Indentures. The Bonds do not constitute a debt or liability of the State of Missouri or of any political subdivision thereof within the meaning of any State Constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State or of any political subdivision thereof.
4. The Indentures, the First Supplemental Cooperative Agreement, the Financing Agreement, the First Amendment to City Market Site Lease and the First Supplemental Cooperation Agreement have been duly authorized, executed and delivered by the Issuer and constitute valid and

legally binding agreements enforceable against the Issuer in accordance with the respective provisions thereof.

5. The interest on the Series 2010A Bonds and Series 2010B Bonds is excluded from gross income for federal and Missouri income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax and is not included in adjusted current earnings when calculating the federal alternative minimum taxable income for corporations. The opinions set forth in this paragraph are subject to the condition that the Issuer and the Trustee comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2010A Bonds and Series 2010B Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal and Missouri income tax purposes. The Issuer and the Trustee have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2010A Bonds and/or Series 2010B Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Series 2010A Bonds and Series 2010B Bonds. The Series 2010A Bonds and Series 2010B Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b) of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Series 2010A Bonds and Series 2010B Bonds.

6. The interest on the Series 2010C Bonds is not excluded from gross income for federal and Missouri income tax purposes.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indentures, the Cooperative Agreement, the Financing Agreement, the City Market Site Lease and the City Market Cooperation Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

We call to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect the legal opinions expressed herein.

Very truly yours,

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APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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CONTINUING DISCLOSURE UNDERTAKING

relating to

CITY OF KANSAS CITY, MISSOURI SPECIAL OBLIGATION BONDS

\$5,615,000
Special Obligation Bonds
(East Village Project)
Series 2010A

\$19,880,000
Special Obligation
Refunding Bonds (Kansas
City, Missouri Projects)
Series 2010B

\$12,360,000
Taxable Special Obligation
Refunding Bonds
(Kansas City, Missouri Projects)
Series 2010C

THIS CONTINUING DISCLOSURE UNDERTAKING (this “**Undertaking**”) is executed and delivered by the City of Kansas City, Missouri (the “**City**”) in connection with the issuance of the above-captioned bonds (collectively, the “**Bonds**”). The Bonds are being issued pursuant to Ordinance No. 100215 (the “**Ordinance**”) and three separate trust indentures entered in connection with each series of the Bonds.

In order to permit the Purchaser to comply with the provisions of Rule 15c2-12 of the Securities Exchange Commission, as amended, in connection with the public offering of the Bonds, the City, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby covenants and agrees, for the sole and exclusive benefit of holders and Beneficial Owners of the Bonds, as follows:

Section 1. Definitions. Capitalized terms used but not defined herein as follows shall have the meaning ascribed to them in the Ordinance.

“**Annual Information**” means the information specified in **Section 3** hereof.

“**Beneficial Owner**” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as owner of any Bonds for federal income tax purposes.

“**Bonds**” means, collectively, the Series 2010A Bonds, the Series 2010B Bonds, and the Series 2010C Bonds.

“**City**” means the City of Kansas City, Missouri, a constitutional charter city duly organized under the laws of the State of Missouri, and any successor thereto.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures, which can be accessed at www.emma.msrb.org.

“**Fiscal Year**” means the City’s fiscal year, which is currently May 1 to April 30, or as it may be hereinafter defined by the City.

“**GAAP**” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board.

“**GAAS**” means generally accepted auditing standards as in effect from time to time in the United States.

“**Indenture**” means (i) with respect to the Series 2010A Bonds, a Trust Indenture dated as of April 1, 2008, as amended by a First Supplemental Trust Indenture dated as of April 1, 2010, between the City and The Bank of New York Mellon Trust Company, N.A., relating to the Series 2010A Bonds; (ii) with respect to the Series 2010B Bonds, a Trust Indenture dated as of April 1, 2010, between the City and First Bank of Missouri, relating to the Series 2010B Bonds; and (iii) with respect to the Series 2010C Bonds, a Trust Indenture dated as of April 1, 2010, between the City and First Bank of Missouri, relating to the Series 2010C Bonds.

“**MSRB**” means the Municipal Securities Rulemaking Board, established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

“**National Repository**” means any Nationally Recognized Municipal Securities Information Repository for purposes of Rule 15c2-12. EMMA, established by the MSRB, is currently the exclusive National Repository.

“**Obligated Person**” means the person (including an issuer of separate securities) that is committed by contract or other arrangements structured to support payment of all or part of the obligations under the municipal securities.

“**Official Statement**” means the Official Statement relating to the Bonds dated April 14, 2010.

“**Ordinance**” means the ordinance of the City authorizing the Bonds, as originally executed or as it may be supplemented or amended from time to time.

“**Purchaser**” means RBC Capital Markets, as representative of the underwriters of the Bonds.

“**Repository**” means each National Repository and any successor National Repository.

“**Rule 15c2-12**” means Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended and as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“**Series**” means, individually, the series of Series 2010A Bonds, the series of Series 2010B Bonds, or the series of Series 2010C Bonds.

“**Series 2010A Bonds**” means the City of Kansas City, Missouri, \$5,615,000 Special Obligation Bonds (East Village Project), Series 2010A.

“**Series 2010B Bonds**” means the City of Kansas City, Missouri \$19,880,000 Special Obligation Refunding Bonds (Kansas City, Missouri Projects), Series 2010B.

“**Series 2010C Bonds**” means the City of Kansas City, Missouri \$12,360,000 Taxable Special Obligation Refunding Bonds (Kansas City, Missouri Projects), Series 2010C.

Section 2. Obligations to Providing Continuing Disclosure.

(a) Obligations of the City.

(i) The City hereby undertakes, for the benefit of the holders and Beneficial Owners of the Bonds, to provide, no later than 270 days after the end of each of its Fiscal Years, commencing

with the Fiscal Year ending April 30, 2010, to each Repository the Annual Information relating to such Fiscal Year.

(ii) The City hereby undertakes, for the benefit of holders and Beneficial Owners of the Bonds, to provide, no later than 270 days after the end of each of its Fiscal Years, commencing with the Fiscal Year ending April 30, 2010, audited financial statements of the City to each Repository, provided, however, if audited financial statements are not then available, unaudited financial statement shall be provided no later than 270 days after the end of each of its Fiscal Years and the audited financial statements shall be delivered to each Repository, if and when they become available.

(iii) The paying agent for a Series of Bonds, if other than an officer of the City, shall notify the City of the occurrence of any of the 11 events with respect to the Bonds listed in **Section 2(a)(iv)** hereof, if material, promptly upon becoming aware of the occurrence of any such event.

(iv) The City hereby undertakes, for the benefit of the holders and the Beneficial Owners of the Bonds, to provide each Repository or to the MSRB in a timely manner, notice of any of the following 11 events with respect to the Bonds, if material:

- (A) principal and interest payment delinquencies;
- (B) non-payment related defaults;
- (C) unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) unscheduled draws on credit enhancement reflecting financial difficulties;
- (E) substitution of credit or liquidity providers, or their failure to perform;
- (F) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (G) modifications to the rights of holders of the Bonds;
- (H) Bond calls;
- (I) defeasance;
- (J) release, substitution or sale of property securing repayment of the Bonds; and
- (K) rating changes.

(v) The City shall also provide to each Repository or to the MSRB, as promptly as practicable notice of any failure of the City to provide each Repository, the Annual Information required by **Section 2(a)(i)** or **Section 2(a)(ii)** on or before the date specified.

(b) Termination or Modification of Disclosure Obligation. The obligations of the City hereunder with respect to a Series of Bonds may be terminated if the City is no longer an “obligated person” with respect to the Bonds of such Series within the meaning of Rule 15c2-12, as amended from time to time. Upon any such termination, the City shall provide written notice thereof to each Repository and the MSRB.

(c) Other Information. Nothing herein shall be deemed to prevent the City from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the City should disseminate any such additional information, the City shall have no obligation hereunder to update such information or include it in any future materials disseminated hereunder.

Section 3. Annual Information.

(a) Specified Information. The Annual Information shall consist of (i) financial data of the type included in Appendix A to the Official Statement under the heading “ACCOUNTANT’S REPORT AND AUDITED FINANCIAL STATEMENTS,” and (ii) the data of the type included in Appendix C to the Official Statement under the heading “INFORMATION CONCERNING THE CITY OF KANSAS CITY, MISSOURI.”

(b) Incorporation by Reference. All or any portion of the Annual Information of the City may be provided in the Annual Information by specific incorporation by reference to any other documents which have been filed with the Repositories, the Securities Exchange Commission and the MSRB.

(c) Information Categories. The requirements contained in this Undertaking under **Section 3(a)** are intended to set forth a general description of the type of financial information and operating data to be provided by the City and such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of **Section 3(a)** call for information that no longer can be generated or relates to operations that have been materially changed or discontinued, a statement to that effect shall be provided.

Section 4. Financial Statements. The annual financial statements of the City for each Fiscal Year shall be prepared in accordance with GAAP (unless applicable accounting principles are otherwise disclosed) and audited by an independent accounting firm in accordance with GAAS (but only if audited financial statements are otherwise available for such Fiscal Year). The annual financial statements may be provided by specific incorporation by reference to any other documents which have been filed with the Repositories, the Securities and Exchange Commission and the MSRB.

Section 5. Remedies. If the City should fail to comply with a provision of this Undertaking, then any holder or Beneficial Owner of the Bonds of a Series may enforce, for the equal benefit and protection of all the holders or Beneficial Owners of the Bonds of such Series similarly situated, by mandamus or other suit or proceeding at law or in equity, against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of such party hereunder, and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances and, provided further, that the rights of any holder or Beneficial Owner to challenge the adequacy of the information provided in accordance with Sections 2 and 3 hereunder are conditioned upon the provisions of the applicable Indenture for the affected Series of Bonds with respect to the enforcement of remedies of holders upon the occurrence of an Event of Default thereunder as though such provisions applied hereunder. Failure of any party to perform its obligations hereunder shall not constitute an Event of Default under any Indenture or any Undertaking executed and delivered in connection with the issuance of the Bonds.

Section 6. Parties in Interest. The provisions of this Undertaking shall inure solely to the benefit of holders and Beneficial Owners from time to time of the Bonds of each Series, the City and the paying agent and shall create no rights in any other person or entity.

Section 7. Amendments.

(a) Without the consent of the holders or Beneficial Owners of the Bonds of any Series, the City and the trustee for a Series of Bonds, at any time and from time to time, may together enter into amendments or changes to this Undertaking for any purposes with respect to such Series of Bonds, if:

(i) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City or any type of business or affairs it conducts;

(ii) the undertakings set forth herein, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of Rule 15c2-12 on the date hereof, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, Rule 15c2-12, as well as any change in circumstances; and

(iii) the amendment, in the opinion of nationally recognized bond counsel, does not materially impair the interests of the holders or Beneficial Owners of the Bonds of the affected Series.

(b) Annual Information for any Fiscal Year containing any amended operating data or financial information for such Fiscal Year shall explain, in narrative form, the reasons for such amendment and the impact of the change in the type of operating data or financial information in the Annual Information being provided for such Fiscal Year. If a change in accounting principles is included in any such amendment, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible such comparison shall also be quantitative. A notice of any such change in accounting principles shall be sent in a timely manner by the City to each Repository or to the MSRB.

Section 8. Termination. This Undertaking shall remain in full force and effect with respect to each Series of Bonds until such time as all principal, redemption premium, if any, and interest on the Bonds of such Series shall have been paid in full or the Bonds of such Series shall have otherwise been paid or legally defeased pursuant to the Indenture for such Series; provided, however, that if Rule 15c2-12 (or successor provision) shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and provided further, that if and to the extent Rule 15c2-12 (or successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds of such Series, then the information requirement to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder. Upon any legal defeasance, the City shall provide notice of such defeasance to each Repository or to the MSRB, and such notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 9. Notices. Any notices of communications to the City may be given as follows:

City of Kansas City, Missouri
414 East 12th Street, 1st Floor
Kansas City, Missouri 64106
Attention: City Treasurer
Telephone: (816) 513-1019
Facsimile: (816) 513-1020

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 10. Governing Law. **THIS UNDERTAKING SHALL BE GOVERNED BY THE LAWS OF THE STATE OF MISSOURI DETERMINED WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW; PROVIDED, HOWEVER, THAT TO THE EXTENT THIS UNDERTAKING ADDRESSES MATTERS OF FEDERAL SECURITIES LAWS, INCLUDING RULE 15c2-12, THIS UNDERTAKING SHALL BE GOVERNED BY SUCH FEDERAL SECURITIES LAWS AND OFFICIAL INTERPRETATIONS THEREOF.**

Section 11. Counterparts. This Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Undertaking as of the date written below.

DATED: April 27, 2010.

CITY OF KANSAS CITY, MISSOURI, as the
Obligated Person

By: _____
Name: Randall J. Landes
Title: Director of Finance